



Europeans Step Up Pressure on Belgrade

15 EU Members and 11 Candidate Countries Join in Condemning Use of Force in Kosovo

Few Serbs Supporting Milosevic On Kosovo

By Jane Perlez
New York Times Service

BELGRADE — Few Serbs announce any qualms in the first moments of conversation, but not far beneath the surface outrage over the turmoil in Kosovo lurks opposition to any notion of fighting to keep the southern province.

If the Yugoslav president, Slobodan Milosevic, wanted to rally the Serbs to fight against Kosovo's ethnic Albanians—as he did against the Croats and then the Bosnians—he would be unable to do so, Serbian nationalists and political analysts say.

Struggling to stay afloat in an economy crippled by war, sanctions and pervasive government corruption, many Serbs say they feel betrayed by Mr. Milosevic's failed promise of a greater Serbia. They want no part of an effort to hang on to the last morsel of it.

"I personally feel apathetic even though I can understand the issue intellectually," said Ljubomir Tadic, 73, a professor of philosophy at the Academy of Sciences and a Serbian nationalist who is angered that ethnic Albanians outnumber Serbs so dramatically in Kosovo: nine to one. "People don't have pensions. The Americans have frozen our money. It is hard to get passionate about it."

Mr. Tadic said Mr. Milosevic should start immediate negotiations with the Albanians in Kosovo and work toward granting the province more autonomy. Mr. Tadic—like the American policymakers he says he despises—is opposed to the ethnic Albanian demands for independence.

In many ways, the repression of Albanians in Kosovo by Serbian forces is a last chapter in the conflicts that Mr. Milosevic used to try and create a greater Serbia but which only tore the former Yugoslavia apart.

But seven years after the start of those wars, Mr. Milosevic, now the isolated leader of an economic backwater, has spent the goodwill of his people.

A poll published Wednesday in the independent newspaper Nedeljni Telegraf showed that more than 70 percent of those asked said they were against close relatives' being sent to fight in Kosovo.

To many here, Kosovo, where fewer than 200,000 Serbs live, seems a historical outpost. It hardly seems worth the expensive upkeep.

See EUROPE, Page 8

By Tom Buerkle
International Herald Tribune

LONDON — Seeking to step up the pressure on Serbia over its crackdown in Kosovo, the European Union won the support Thursday of 11 applicant countries in Eastern and Southern Europe in condemning Belgrade's use of force and calling for genuine dialogue with the province's ethnic Albanian population.

The declaration on Kosovo was the main initiative to emerge from the European Conference, a meeting of government leaders designed to foster closer cooperation between the 15 EU nations and the candidate countries of the East.

The statement stopped short of some of the tough language and sanctions adopted by the United States and its European allies earlier this week after Serbian police killed at least 80 ethnic Albanians in Kosovo.

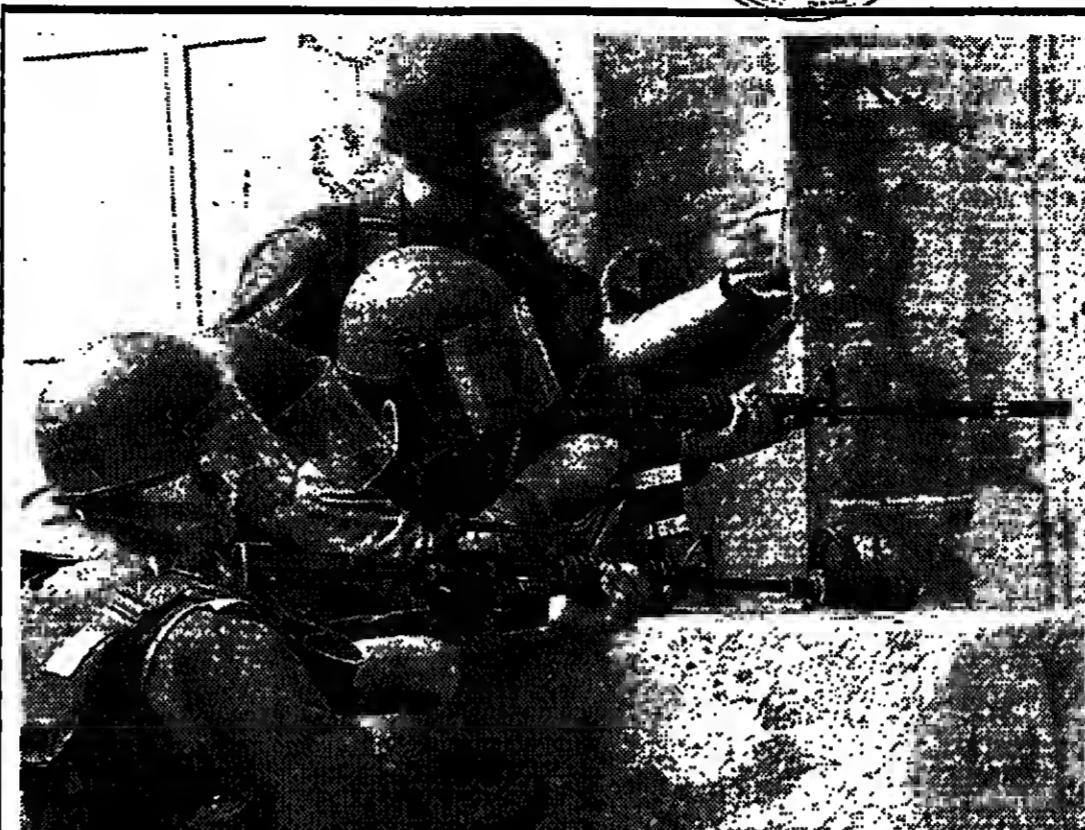
Still, EU officials said they hoped that the addition of Eastern voices to the condemnation would be heard in Belgrade and serve to underscore Serbia's political and economic isolation. The leaders said they saw "no prospect of the development of any aspect of the EU's relations with the former Republic of Yugoslavia, including trade measures, unless Belgrade's approach to the Kosovo crisis changed to an emphasis on dialogue and a political solution."

EU foreign ministers planned to discuss detailed proposals for talks on Kosovo at a meeting in Edinburgh on Friday and Saturday, but the immediate prospects did not appear bright. A Serbian delegation led by Deputy Prime Minister Ratko Markovic went to Kosovo on Thursday to offer an "open dialogue," but leaders of the province's ethnic Albanian community dismissed the offer as "a mockery" and refused to show up.

That boycott had a parallel in London. The European Conference was originally conceived as a way to deepen ties with Turkey while the Union begins membership negotiations with five Eastern European countries and Cyprus later this month, but the Turkish government stayed away to protest its exclusion from the negotiations.

EU leaders sent conflicting signals about the EU candidacy of Cyprus. Britain welcomed an offer by President Glavkos Klerides to include Turkish Cypriots in the island's negotiating team.

See EUROPE, Page 8



AP Wirephoto

A Besieged Israel Apologizes Over West Bank Shooting

Prime Minister Benjamin Netanyahu of Israel offered condolences Thursday to Palestinians over the killing of three laborers by soldiers at a West Bank checkpoint. Calling the shootings Tuesday "a tragic mistake," Mr. Netanyahu pledged to push forward on achieving peace. Witnesses said as many as 27 Palestinians had been wounded in clashes with Israeli troops as stone-throwing protests swept the West Bank. Page 6.

Earth Has a Heavy Date for 2028

Mile-Wide Asteroid to Come Dangerously Close That October

By Malcolm W. Browne
New York Times Service

NEW YORK — An asteroid is likely to pass within 30,000 miles of Earth on Thursday, Oct. 26, 2028, and could conceivably hit it, the international astronomical agency that tallies the orbits of asteroids and comets has announced.

Brian Marsden, director of the Central Bureau for Astronomical Telegrams at the Smithsonian Astrophysical Observatory in Cambridge, Massachusetts, cautioned in an interview that calculations of the progress of the asteroid, designated 1997 XF11, were approximate and that there was no immediate cause for alarm.

"There is still some uncertainty to the computation," Mr. Marsden said in his announcement Wednesday. "On the one hand, it is possible that 1997 XF11 will come scarcely closer than the moon. On the other hand, the object could come significantly closer than the moon."

The moon's distance from Earth ranges from 221,000 miles to 253,000 miles, with a mean of

239,000 miles (385,000 kilometers). It is impossible at this time to calculate the odds of an impact, he said. But he appealed to astronomers with large telescopes to begin measurements of the asteroid's brightness and size, estimated to be as large as a mile in diameter, and to refine measurements of its orbit.

"I would say that this thing probably won't hit us," Mr. Marsden said. "But if its orbit continues to approach us, we should have a better idea before long. In the year 2,000 it will be back, allowing us to improve measurements, and with its next appearance in 2002, we should know how great the danger may be."

"All we know right now is that the asteroid will come interestingly close in 2028 — probably much closer than any asteroid recorded by astronomers in the past. We have plenty of time — 30 years, in fact — to improve our knowledge of this thing and take steps, if necessary."

There is ample evidence that Earth has been

See ASTEROID, Page 8

Armani at 'War' With French

By Suzy Menkes
International Herald Tribune

PARIS — There were more questions than answers on Thursday as an angry Giorgio Armani spoke out about the last-minute cancellation by the French police of his first Paris fashion show.

Although the official reason was security problems with the tent erected in the Saint-Germain-des-Prés area, the Italian designer suggested that the real reasons were chauvinism, politics and the inability of the French to face up to a changing global world.

"This is a war between the French and the Italians—but I like war," said Mr. Armani, who will now stage the show in New York during the American collections next month.

Mr. Armani said that he had asked permission four months ago to erect a tent and stage a dinner for 1,200 celebrity guests in the Place Saint-Sulpice, and that his company had made some changes according to police instructions on Wednesday. But the Prefecture of Police had already issued a press communiqué announcing the show's cancellation.

The police say that fire brigade experts had found "major danger points" concerning the show's exits and ventilation, particularly because there was a gasoline reservoir below in an underground parking garage.

As bewildered guests, including the French actor Christophe Lambert and the designer Paco

See ARMANI, Page 8



Associated Press
Mr. Armani leaving his Paris hotel Thursday.

N.Y.'s New Power Couple: Secondary Markets Flirt

Compiled by Our Staff From Dispatches

NEW YORK — The second- and third-ranked stock exchanges in the United States—Nasdaq and the American Stock Exchange—announced Thursday that they were in talks to merge and challenge their arch-rival, the giant New York Stock Exchange, for pre-eminence in America's financial markets.

A goal of the merger is to attract many of the large, blue-chip companies, both in the United States and overseas, that trade in the New York Stock Exchange.

Three regulators with knowledge of the talks told Bloomberg News that Nasdaq and the American exchange had already reached a preliminary agreement to merge. The boards of the American exchange and the National Association of Securities Dealers, which runs Nasdaq, were meeting Thursday to

approve the agreement, which would then go to American exchange members for their approval. The two stock markets said they hoped to announce a final agreement Monday.

Combining the Nasdaq—host to America's fastest-growing companies, including Microsoft and Intel—and the American exchange could help both exchanges bolster weaknesses that have hurt their ability to attract listings and investor trades from the New York Stock Exchange. It could also create substantial cost savings for both markets through economies of scale and trading efficiencies.

More specifically, the merger would give Nasdaq control over a growing trade in options and derivatives that has buoyed the smaller American exchange for the past decade. The two exchanges are betting the combination will attract companies that now are drawn to the New York Stock Exchange—known as the Big Board—rather than the Nasdaq's electronic market.

"Nasdaq has stolen a march on the NYSE," said John Coffee, an expert on securities law at Columbia University. "The New York Stock Exchange just missed the biggest and best acquisition in terms of getting a strong options business."

The image of Nasdaq has been tarnished in recent years by allegations of price fixing, while the American ex-

AGENDA

Danish Government Survives by a Seat

ensure passage of a referendum May 28 on European Union enlargement. His Social Democrats and their allies won 90 seats in the 179-seat legislature, while the anti-immigrant Danish People's Party, which is led by Pia Kjaersgaard and regarded as too extreme by traditional political groupings, received 13 seats. Page 7.

U.S. Cites Nigeria As Rights Abuser

WASHINGTON (Reuters) — The United States urged Nigeria's military rulers Thursday to clear the way for a democratic government, denouncing Nigeria as one of the worst abusers of human rights in Africa. In a review of sub-Saharan Africa ahead of President Bill Clinton's March 22-April 2 trip there, General Sani Abacha was singled out for criticism.

A military investigation of a U.S. jet that sheared ski-lift cables in Italy concluded Thursday that the crew flew too fast and too low, and that the cause of the accident, which led to the deaths of 20 people, was the way crew members "aggressively maneuvered their aircraft" in steep Alpine valleys in northern Italy. Page 7.

PAGE TWO
The Cross-Channel Art Exchange
THE AMERICAS Page 3
Judge Reviews Clinton Case Leaks
Books Page 7
Crossword Page 13
Opinion Pages 10-11
Sports Pages 28-29
The Intermarket Pages 4, 9
The IHT on-line www.iht.com

That Certain Chemistry

Study Confirms the Role of Human Smelling

By Rick Weiss
Washington Post Service

WASHINGTON — Scientists have found long-sought proof that people release potent chemical signals that can have profound effects on other people.

The research settles a 40-year debate about whether humans produce and can respond to "pheromones" molecules that are usually airborne and odorless and that influence, in other species, mate choice, the recognition of one's own family members, and the ability to "smell" the difference between friend and foe.

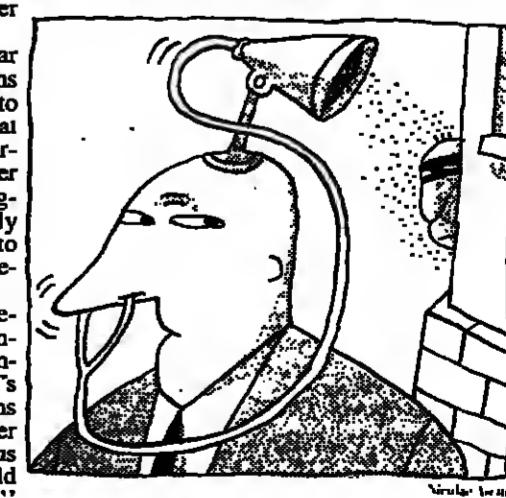
Specifically, the new research shows that women's underarm odors can alter the timing of other women's reproductive cycles. It explains why women who live together often develop synchronous menstrual periods, and could spur development of "natural" fertility drugs or contraceptives.

The finding may also lead to the discovery of compounds in sweat that could be incorporated into fragrances to alter body chemistry or mood.

"This is definitely going to make people sit up and take notice," said Charles Wysocki of the Monell Chemical Senses Center in Philadelphia. Previous studies by scientists at Monell and elsewhere showed similar results but

later were recognized as flawed. The new work, Mr. Wysocki said, seems to answer the question for good.

"The evidence has now become quite strong that humans produce and detect pheromones," agreed Edward Johnson



of Idaho State University in Pocatello.

The discovery was especially gratifying to Martha McClintock, the University of Chicago researcher who, with colleague Kathrine Stern, described the work in the journal Nature on Thursday. As an undergraduate almost 30 years ago, Ms. McClintock observed that many women in her dormitory men-

See SMELL, Page 8

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Arabs	10.00 FF
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See MERGE, Page 8

Two-Way Traffic After Years of Neglect / From Movies to Theater to Visual Arts

Britain's Creative Boom Finds a Home Away From Home: France

By Alan Riding
New York Times Service

PARIS — For many centuries until World War II, France and Britain competed over the pre-eminence of their respective versions of Western civilization. But when the United States took over leadership of what the French call the Anglo-Saxon world, the balance of power shifted.

American movies, visual arts, popular music, fast food, even clothes invaded France, and British culture was largely forgotten here.

Understandably, the British felt scorned because France had found a new cultural rival in the United States, but the British remained captivated by France, French culture as such was not particularly present in Britain: After the New Wave of French cinema, it was reduced to occasional Impressionist shows. Yet France's *art de vivre* never ceased to appeal to Britons. To this day, far more Britons visit France than the other way around.

It is all the more noteworthy, then, that the French have suddenly woken up to the creative boom enlivening Britain. True, they are puzzled: While the French government continues to pour vast sums into the arts, Britain's creators have long bemoaned the limits to government aid. Yet the French see the evidence: While the cultural blues seem to be gripping France, British arts are bursting with energy.

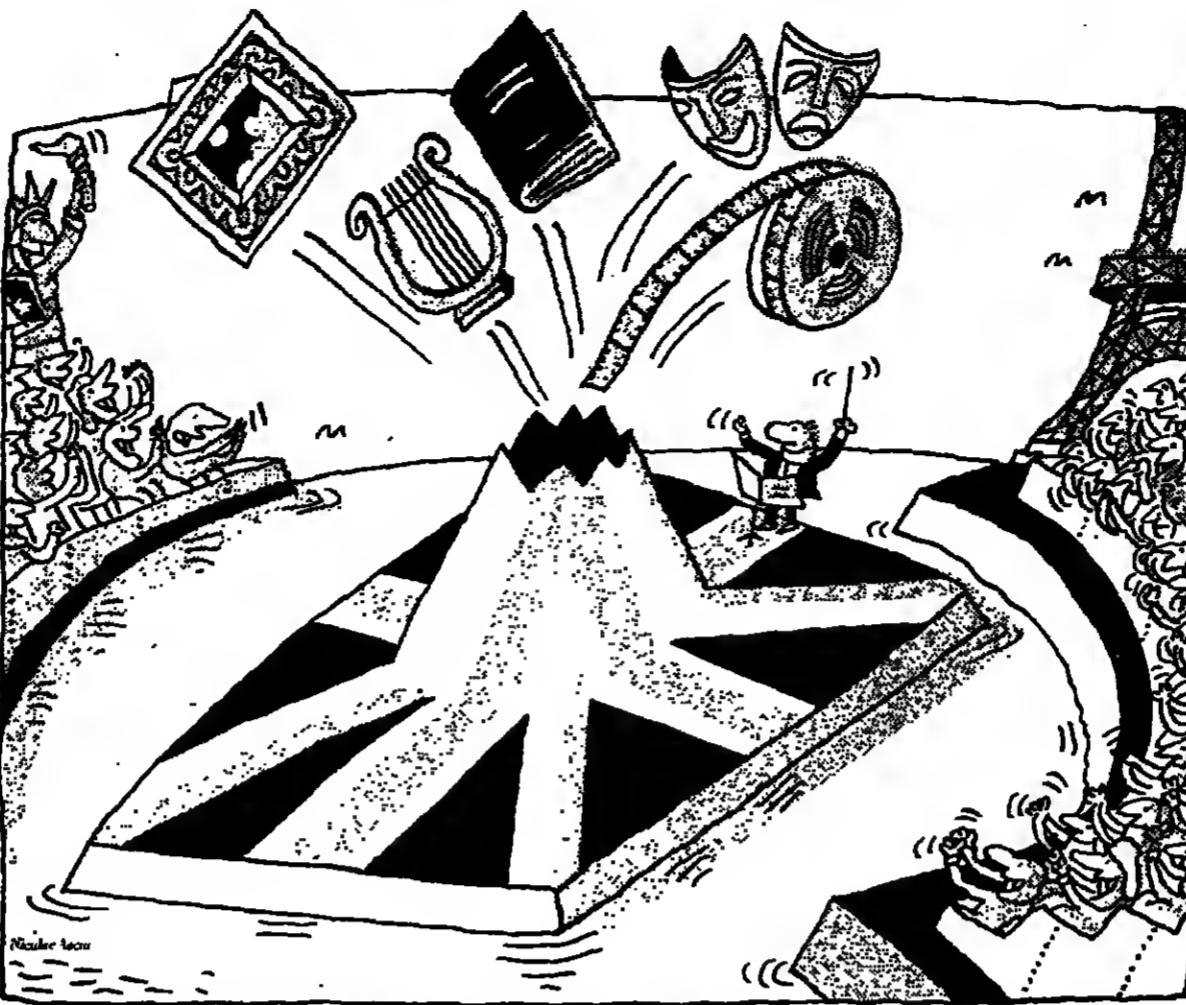
A result is that for the first time in recent memory, the French are going out of their way to welcome the work of British artists. (Of course, some, like the Spice Girls, would be here anyway.) Interestingly, the French have also begun to distinguish between British and American culture. And having long been obsessed with winning recognition in the United States, Paris is now eager to make French culture more noticeable in London.

"All the French I see here seem aware that London has become a very important cultural capital," said Luc Bougnol-Lafont, a cultural attaché in the French Embassy in London who directed a French theater season in Britain last fall. "Also it's a way of looking at ourselves. We don't have a very good image of ourselves these days. London looks better."

France's changing perception of British culture is still new. In cinema, Mike Newell's "Four Weddings and a Funeral," the second most viewed film in France in 1994, was a surprise hit. Since then "Shallow Grave," "Trainspotting," "Mr. Bean," "The Full Monty" and "Brassed Off" have all done well at the box office.

The French have not lost their taste for Hollywood blockbusters or their addiction to Woody Allen, but the British sense of humor is back in fashion here.

In theater, a traditional British strength, traffic to France is now intense. Britain's Théâtre de Complice, Royal National Theater and Royal Opera House have all recently brought English-language productions to Paris. A new Nottingham Play-



house production of "Measure for Measure" was directed by a young Frenchman, Stéphane Braunschweig, and presented in English in France, while Cheek by Jowl's Declan Donnellan will soon direct an English-language production of "Much Ado About Nothing" for theaters in Rennes and Strasbourg.

Belatedly, the French theater is also discovering contemporary British playwrights. The Comédie Française presented Tom Stoppard's "Arcadia" in French last month, while David Hare's "Skylight" is currently on at the Gaiete-Montparnasse Theater. This week, a program called "Made in Britain" has brought four young British playwrights to Paris for readings and debates.

"There's a huge surge of interest in France," said Susan Hoyle, who handles cultural exchanges at the British Council office in Paris. "There is fresh recognition here of the new theater-writing talent in Britain."

Perhaps more unusual, British directors are beginning to work here in the French language: Peter Brook has been based in Paris for so long that he is now almost considered French, but Deborah Warner directed "A Doll's House" at the Théâtre de l'Odéon last year and Harold Pinter is rehearsing his "Ashes to Ashes," which opens at the Théâtre du Rond-Point this month. Mr. Donnellan is to direct "Le Cid" by Corneille in French at this summer's Avignon theater festival.

But the traffic is also now moving both ways. Daringly, two French actresses have taken lead roles in English on the London stage: Juliette Binoche has won rave reviews for her current performance in Pirandello's "Naked" at the Almeida Theater, while in 1996 Isabelle Huppert appeared in Schiller's "Mary Stuart" at the National Theater.

Last year, Yasmina Reza's "Art," in an English-language version translated by Christopher Hampton, was the

first contemporary French play to reach the West End in 40 years; it just opened on Broadway.

While these were individual initiatives, the French government decided to wave the flag in London by backing a French theater season last fall, with the Comédie Française crossing the Channel for the first time in 24 years.

Other French-language performances included Mr. Brook's version of Beckett's "Happy Days," Robert Wilson's production of Marguerite Duras' "Maladie de la Mort" and Marivaux's play "La Dispute," directed by Stanislav Nordey, a rising French theater talent.

In the visual arts, the contrast between London and Paris is particularly sharp. While the current Pierre Bonnard retrospective at the Tate Gallery suggests that France continues to export traditional fare, British art has been showing a more modern face here. A major retrospective of Francis Bacon at the Georges Pompidou Center in 1996 was followed by "A Century of British Sculpture," from Jacob Epstein to Damien Hirst, at the Jeu de Paume.

More topically, the excitement stirred by Britain's contemporary arts boom has begun to spill over into France, with the Musée d'Art Moderne de la Ville de Paris presenting a group show of so-called Young British Artists (YBA's in current London hype-speak) called "Life/Live." French galleries are also hurrying to catch up: Christine Borland, a finalist for the 1997 Turner Prize, has just opened a show at the Cent 8 gallery here.

Still, it is perhaps in the world of fashion that most French have become aware that things are astir in Britain. The French were able to accept the incursions of Italian designers, even of Japanese designers, into the hallowed sanctuaries of French fashion houses, but the arrival of the British caught them quite off guard. Yet the likes of John Galliano, Alexander McQueen and Stella McCartney have been recruited precisely because they bring an energy, originality and shock value that are in short supply here.

Of course, while duly proud of its own culture, it is undeniable that France has always opened its doors to foreign creators who, from Lully to Picasso, have in turn repaid France generously for its welcome. More recently, such American stage directors as Mr. Wilson and Peter Sellars as well as American dance companies have also benefited enormously from French support. Yet for decades, the English Channel seemed wider than the Atlantic.

Now, however, it is as if the coincidence of Britain's cultural boom and France's creative torpor has cleared the fog in the Channel.

Some French would even like to think that Britain's example will bring contemporary French culture back in life.

On the other hand, since cultural booms have a way of occurring in cycles, perhaps next time it will be France's turn to blossom. But at least a new cultural dialogue between these historical foes should by then be well in place.

Lloyd Bridges, Star of 'Sea Hunt,' Dies

By Richard Severo
New York Times Service

Lloyd Bridges, 85, whose acting career spanned more than five decades and whose sons, Jeff and Beau, also became well-known actors, died Tuesday at his home in Los Angeles.

Although he had suffered from minor illnesses in the last year, he continued to work and had recently completed two feature films, "Jane Austen's Mafia" and "Meeting Duddy," the latter with his son Beau.

In June of 1992, Mr. Bridges underwent open-heart surgery to clear blockages in his coronary arteries. Within six weeks, he exhibited his customary robust-

ness, said he had never felt better and went to work on another film.

The show ended because Mr. Bridges felt hemmed in by the format, which his producers refused to change.

"They wanted more cops and robbers," he said. "I wanted to look at the real villains of the sea, like the oil companies."

Before "Sea Hunt," Mr. Bridges was a familiar face, not just in forgettable formula Hollywood films like "Rockchip XM" (1950), but also in memorable television dramas like "Rise Up and Walk" (1952), which dealt with the ordeal of polio.

Although he appeared in many undistinguished Hollywood films, a few of his movies were well received by the critics, and his work was praised. Among these were "A Walk in the Sun" (1946), about a World War II skirmish in Italy, and "High Noon," the 1952 Western classic, in which he played Gary Cooper's harsh young deputy, withholding his aid because of anger at not having been given the sheriff's job.

Arkady Shevchenko, 67, Diplomat Who Defected

WAshington (NYT) — Arkady Shevchenko, 67, who stunned the world two decades ago when he became the highest-ranking Soviet diplomat to defect to the United States, died Feb. 28 in his home in Bethesda, Maryland. His body was discovered in his home by a daughter, the Montgomery County police

said, adding that there was no sign of foul play.

At the time of his defection in 1978, Mr. Shevchenko was undersecretary-general of the United Nations and had been providing valuable information to the CIA on the thinking of people at the highest level of the Soviet government for a half a year.

Eleanor Shuman, 87, Made It Off Titanic

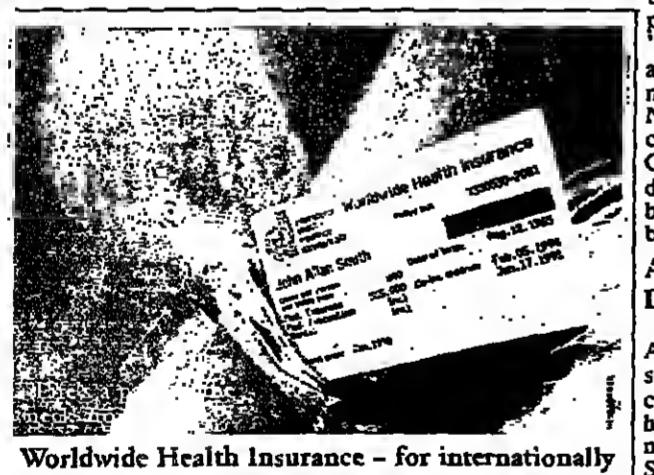
NEW YORK (NYT) — Eleanor Shuman, 87, who was too young to remember more than the screams but recalled them vividly for more than 85 years, died Saturday at a hospital near her home in Elgin, Illinois. She was one of the last half-dozen survivors of the sinking of the Titanic.

Mrs. Shuman, whose original name was Johnson, was just 18 months old when the Titanic went down on April 15, 1912, with the loss of more than 1,500 lives, but as one of 705 survivors, she had a tale to tell and told it often over the years.

Corrections

The source of an article in the Business/Finance section Thursday about Costa Rica's high-tech aspirations, was incorrectly identified. It was from The Washington Post.

The name of the commander of U.S. forces in South Korea was misspelled in a caption Thursday. He is General John Tillett Jr.



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JAPAN YEN	26,000	12,150	51%
MALAYSIA RM	182	105	40%
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THE AMERICAS

Judge Reviews Leaks In the Lewinsky Case

Clinton Lawyers Demand Criminal Penalties; Prosecutor Denounces Effort to 'Deflect' Probe

By Brian Knowlton
International Herald Tribune

WASHINGTON — The judge supervising the grand-jury investigation in the Monica Lewinsky case heard arguments Thursday from attorneys for President Bill Clinton, who say that the office of the independent counsel has leaked damaging information to the press, and from the counsel's lawyers, who reject the charge.

It was not clear whether the judge, Norma Holloway Johnson, might order sanctions if she determines the source of the leaks. She has studied the matter for more than a month. The hearing Thursday was held behind closed doors.

In other developments, Mr. Clinton's close confidant Bruce Lindsey, a deputy White House counsel, returned before the grand jury. And a lawyer for Ms. Lewinsky said he could not "even guess" when she might appear.

David Kendall, Mr. Clinton's lead private attorney, had charged Feb. 6 that damaging details of the investigation had been leaked by the office of Kenneth Starr, the independent counsel. Mr. Kendall called for criminal penalties if the source is determined. He took part in the hearing Thursday.

The Clinton administration and its defenders have accused Mr. Starr of waging a politically motivated investigation. Mr. Kendall has accused Mr. Starr's office of showing an "appalling disregard for the legal and ethical requirements of grand jury and investigative confidentiality."

Mr. Starr has rejected the charge of partisanship and promised to investigate the source of leaks, but also suggested that there was "an orchestrated plan to deflect and distract" this investigation.

Twelve news organizations, including The Washington Post and The New York Times, filed a motion Wednesday asking Judge Johnson's court to open the hearing on leaks, but were rebuffed.

Even as Judge Johnson was about to begin the hearing, a minor controversy erupted over what appeared to be a leak from within the courtroom where the 23-member grand jury has been meeting for two months.

Matt Drudge, who runs a politically conservative Internet news page, was quoted in The New York Times as announcing Wednesday that the jury, even as he spoke, was listening to audio tapes of Monica Lewinsky, the former White House aide, speaking to Linda Tripp, a former co-worker who recorded them. The tapes led Mr. Starr to open the investigation of allegations that Mr. Clinton had an 18-month affair with Ms. Lewinsky and then asked her to lie about it.

The unconfirmed information from Mr. Drudge presumably could have come only from grand jury members, court reporters or members of the prosecutor's staff. It is not clear whether such a general piece of information, as opposed to specific testimony, would be subject to federal laws on grand jury secrecy.

In another development, Ms. Tripp has complained about being assigned new duties in her office at the Pentagon. Officials there deny that she has been demoted.

Meantime, Mr. Lindsey made a new appearance before the grand jury, rais-

ing again the possibility that he might refuse to answer questions, citing the confidentiality of certain communications between a president and his top aides.

With Judge Johnson occupied by the separate hearing, prosecutors were expected to avoid putting any questions to Mr. Lindsey that might require a ruling by her on their confidentiality under the doctrine known as executive privilege.

The status of negotiations between Mr. Clinton's lawyers and prosecutors over possible testimony by the president himself remained unclear Thursday.

Meanwhile, amid indications that Mr. Starr may be nearing the end of his investigation, an attorney for Ms. Lewinsky, William Ginsburg, said that he could not "even guess" when his client might appear before the grand jury.

Mr. Ginsburg has asked Judge Johnson to enforce what he says was a written agreement with Mr. Starr's office to grant Ms. Lewinsky full immunity from prosecution in exchange for her testimony. Prosecutors say no such agreement was reached.

Ms. Lewinsky's legal bills are now between \$100,000 and \$200,000, Mr. Ginsburg said Wednesday on CNN.

Negotiations over immunity have dragged on for weeks. Mr. Ginsburg said that Ms. Lewinsky had grown depressed at times, feeling isolated in her apartment in the Watergate apartment complex.

Asked about his client's prospects, Mr. Ginsburg replied, "A trial lawyer always runs scared."

"I feel no confidence," he said. "I always feel I have the ability to win because I have the facts and the law on my side. But that doesn't mean I'm out scared."

Mr. Ginsburg, who has long represented Ms. Lewinsky's family, also disputed reports that Judge Johnson had chastised him during the court proceedings over immunity for giving differing accounts of what Ms. Lewinsky might say if she testifies.

"The judge never even broached that subject," he said. "Not even close. It's just poor reporting."

Ms. Tripp, the former White House aide, who taped conversations with Ms. Lewinsky, has been working from her Maryland home since the scandal erupted Jan. 21. She was given new duties this week because of the distractions around the affair, a Pentagon spokesman said.

The spokesman denied Ms. Tripp's charge that she had been demoted from her job as director of the Joint Civilian Orientation Conference, a public affairs position.

"She is still working in public affairs," said Colocel Richard Bridges, the spokesman. "She is still making \$88,000" a year.

Ms. Tripp's deputy is now running her program, Colonel Bridges added, and Ms. Tripp has been told to prepare a computer outline on how the program is organized and run.

The first witness to appear Thursday before the grand jury was Bayani Nelsi, a White House steward making his third grand jury appearance. He spent more than three hours before the grand jury. From his post in the pantry adjacent to the Oval Office, Mr. Nelsi was in a position to see events occurring there.



ECHOES OF 'DIRTY WAR' — Buenos Aires protesters accusing a former navy captain, Jorge Acosta, of torture. He was called to testify on disappearances under military rule.

POLITICAL NOTES

Senate Panel Bogs Down Over Tobacco Legislation

WASHINGTON — A Senate committee was trying to move forward on a national tobacco deal, but it became mired in squabbles over many of the major issues.

Senators testifying before the Commerce Committee, which has been anointed by the Republican leadership to pull together a major tobacco vehicle, have disagreed on everything from the bill's content to how they will divide their work in writing it.

Senator Kent Conrad, Democrat of North Dakota, argued the benefits of his tough anti-tobacco bill and warned senators that granting the industry liability protection would be "foolish." Senator Richard Lugar, Republican of Indiana, testified that he, too, opposed any lawsuit shield for the industry and pushed his measure in aid to tobacco farmers.

Mr. Lugar's farm ideas drew fire from the panel's two tobacco-state Democrats. Senators Wendell Ford of Kentucky and Ernest Hollings of South Carolina. The anti-tobacco tenor of the panel prompted Mr. Hollings to predict, "You folks are gonna go nowhere."

The committee chairman, John McCain, Republican of Arizona, had called the hearing to bring together major players in the debate over a national tobacco policy, which already has led to five measures in the Senate, with a sixth set to be unveiled Thursday. But observers saw little progress.

(WP)

Uphill Fight for Judge Nominee

WASHINGTON — Frederica Massiah-Jackson, a local judge in Philadelphia, has tried to salvage her troubled nomination to be a U.S. District Court judge at an extraordinary Senate hearing. But it appeared that she failed to change many minds.

Judge Massiah-Jackson, who has been criticized by a range of prosecutors as someone whose temperament is unsuitable for the bench and who is regularly hostile to law-enforcement personnel, now stands to become the first Clinton judicial nominee to be rejected in a public vote on the Senate floor.

President Bill Clinton nominated Judge Massiah-Jackson to the federal bench last year, and she was approved by the Senate Judiciary Committee, although 6 of its 18 members voted against her. But since then, the Pennsylvania District Attorneys Association has mounted a full-scale campaign to defeat her nomination, offering detailed criticisms of her behavior as a judge on the Court of Common Pleas in Philadelphia.

She has been accused of belittling injuries suffered by victims, giving lenient sentences and showing sympathy to convicted criminals, even giving short sentences to defendants convicted of rape who committed the crime again.

In more than three hours before the committee, the judge often gave vague responses and often said she did not remember specific cases about which she was questioned.

(NYT)

Quote/Unquote

President Bill Clinton as he announced his support for a bipartisan tobacco bill in the Senate that would raise the price of cigarettes by up to \$1.50 a pack over the next decade: "Thirty years of deception. Now Congress must act to bring it to an end. Thirty years of manipulation. Congress must act to bring it to an end. And it must act now."

(AP)

Mexican General Gets 14 Years

A Military Court Finds Dissident Guilty of Corruption

By Julia Preston
New York Times Service

MEXICO CITY — A military tribunal has convicted a dissident general on two counts of criminal corruption and sentenced him to 14 years and 8 months in jail.

The verdict against the general, Jose Francisco Gallardo Rodriguez, 51, one of Mexico's most important prisoners, drew outrage from human rights groups.

Although the trial was called hastily, it involved charges about events that occurred 10 years ago, when he was commander of a military stable.

The armed forces brought the charges in 1993, five years after he left the stable but just after he published an essay accusing the military of abusing the rights of soldiers and calling for an independent rights monitor for the armed forces.

The court-martial convicted General Gallardo of stealing horse feed and uniforms and burning army documents to cover up the theft. But the evidence presented included documents that showed that the uniforms had been sent to the private ranch of a former defense minister, General Juan Arevalo Gardoqui.

And after 34 witnesses testified, it was never clear that any grain had been missing from the stables.

The military prosecutor and the defense engaged in an exhaustive debate about the stomach capacity

of horses and the amount of grain harvested from military fields that year, but the prosecution offered no proof that a thief had taken place.

The court refused to hear the testimony of two military investigators who had once determined that no charges could be brought against General Gallardo, then reversed their findings several years later after the general had a falling out with a new defense minister, General Antonio Rivello Bazzan.

The military tribunal also acted in defiance of the Inter-American Human Rights Commission, which has demanded the general's release from prison, saying he was jailed because he publicly criticized the military. The commission is a branch of the Organization of American States.

The trial, inside a vast military base, lasted nearly three weeks, one of Mexico's longest courts-martial. The five judges, all high-ranking officers, deliberated for four and a half hours.

The general spoke in his own defense at the trial, speaking in a tremulous voice and causing some officers present to bow their heads.

"During my command at the stables, I was was decorated three times and promoted twice," he said.

"My personal and military conduct is clean for all to see."

One of his lawyers, Felix Garza Martinez, said he would appeal to a higher military court and to civilian courts if necessary.

House Passes Bill to Encourage Trade With Africa

By Guy Gugliotta
Washington Post Service

WASHINGTON — The House has passed a broad trade liberalization bill for Africa in what supporters hailed as an acknowledgment that the impoverished nations of the sub-Saharan region are ready to take to "the playing field of international trade."

The legislation, which must be voted on by the Senate, would create a new U.S. trade and investment policy for the 48 nations of sub-Saharan Africa, many

of them among the poorest countries in the world. The bill would allow duty-free and quota-free exports to the United States for 10 years and encourage plans for a U.S.-Africa free trade zone.

The bill's advocates, including Clinton administration officials, said the measure's impact would be more symbolic than economic as the United States does a relatively small amount of trade with Africa. Congressional aides said that in 1996 the United States exported about \$6.1 billion in goods to the region and imported about \$15.2 billion, with

oil accounting for a good part of the imports.

Still, supporters had to fend off opposition from pro-labor Democrats worried that African exports would take jobs from American workers, particularly in the textile and apparel sectors.

The measure passed, 232 to 186, with 92 Democrats joining 141 Republicans in support. Eighty-four Democrats and nine Republicans opposed the bill.

The Clinton administration expressed "strong support" for the bill, noting in a statement that the measure encourages African countries "to undertake trade and other reform efforts in return for greater trade benefits."

The House speaker, Newt Gingrich of Georgia, made a rare speech from the well of the House in favor of the bill, noting later that his words were intended to raise African spirits. "When the speaker of the House sends a message, it is very important to African nations and African leaders," he said.

Mr. Gingrich, who rarely votes, voted for the bill.

A Counseling Taboo: Telling All About Students' Past

By Ethan Bronner
New York Times Service

NEW YORK — The reports are coming in piecemeal: parents threatening high school counselors with lawsuits if their children fail to gain college acceptance; counselors taking out liability insurance; admissions officers complaining that a student's disciplinary or criminal past is not being reported to them.

With college acceptances a month away, high school guidance counselors say fear of litigation by parents has made them more cautious in letters of recommendation and informal conversations with college admissions officials, threatening the long-standing system by which high school students are selected for cherished freshman class spots.

"Counselors are becoming afraid of telling the full truth," said Joyce Smith, executive director of the National Association for College Admission Counseling, a group that includes both high school counselors and college officials. "They'll write that Johnny took these courses and was a great student, but they won't tell

you that Johnny burned down the gym. Whose job is it to tell admissions officers about that?"

Apart from the growing tendency everywhere to resort to legal action, the sources of these tensions are many.

Colleges are increasingly emphasizing campus safety and worry that if they admit a student with a criminal past who then becomes violent, university officials will be held liable. This makes them more determined than ever to know about students' pasts, especially after a 1995 case in which Harvard College unwittingly admitted a young woman who, as a juvenile, had killed her alcoholic and possibly abusive mother.

At the same time, parents worry that details of disciplinary problems will ruin their children's chances of admission. Guidance counselors, hearing differing interpretations of state and federal laws, are caught in the middle.

Past alcohol and drug use, widely reported to college admissions offices in an earlier era, is now shielded under the 1990 Americans with Disabilities Act. Further, the sharpened focus on the place of education in personal economic success seems to

make parents more likely to calculate the financial impact of rejection from a top school.

Colleen Quint, a lawyer in Maine who advises colleges, said the atmosphere around admissions was changing dramatically.

"The stakes are so much higher now," she said. "By the time a student graduates from private school, parents have already put tens of thousands of dollars into guaranteeing a spot at a fancy college. Parents now see themselves as consumers with rights. They are making an investment."

"At the same time, there has been sociological change among students. Today, you have students who have been involved with some serious problems, and that concerns colleges."

"Twenty years ago, if a student had missed a portion of his senior year for alcoholism, counselors would have told admissions officers right away," she added. "The sense in the profession was to tell all, give a complete picture and put problems in perspective, saying now this applicant is back at the top of his game or some such. "Today, there is a hesitation to do that. Under the Americans with Disabilities Act, you cannot make pre-admission inquiries about disabilities. Alcoholism and drug addiction are disabilities if you have had treatment for them and have moved on."

Many private preparatory academies have long had policies saying that all disciplinary actions against students would be reported to colleges. But some are now saying that they are reconsidering such policies under pressure from parents, as well as legal concerns.

One factor driving the current debate is that crime on campus has become a widely recognized, if invisible, feature of college life, said Dorothy Siegel, director of the Campus Violence Prevention Center at Towson State University in Maryland, which tracks campus violence across the country.

She said that although crime had remained at the same low level for two decades, applicants and their parents routinely ask about crime and violence, often linked to alcohol. As a result, increasing numbers of universities are now asking students and their schools for any history of disciplinary troubles.

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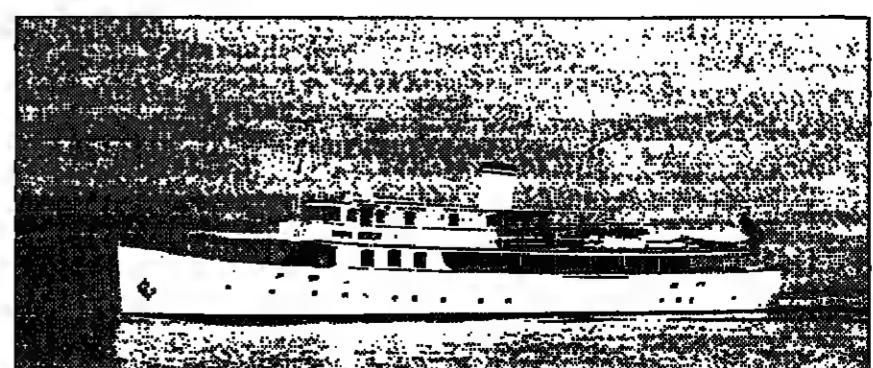
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ASIA/PACIFIC

Facing Deadline on Return to Cambodia, Prince Girds for 'Last Struggle'By Keith Richburg
Washington Post Service

BANGKOK — His "stage" is familiar, including the fading photographs in the waiting room. It is the same house from which a decade ago Prince Norodom Ranariddh plotted strategy and held court in exile, awaiting his return to Phnom Penh.

Once again he has been banished from his country by his one-time governing partner, Second Prime Minister Hun Sen, who orchestrated a violent coup last July. As he once again muses about his eventual return to Cambodia, Prince Ranariddh this time sounds much like the royal protagonist in a Shakespearean tragedy — at times frustrated, weary, resigned to his fate and mildly ambivalent when facing a series of bad options.

He must return by the end of next week to be eligible to run again for election to be held this summer. But he has already been convicted in absentia, in a Hun Sen show trial, of illegally importing weapons, and another stage-managed trial next week will also certainly produce a guilty verdict on a charge of conspiring with the outlawed Khmer Rouge.

To return now, the prince knows, carries huge personal risks: the likelihood of being thrown into one of Hun Sen's prisons and perhaps being assassinated like 43 of his supporters killed during Mr. Hun Sen's putsch.

"Sometimes I am fed up, very tired," the first prime minister said in an interview. "But we have to fight. I think this is the last struggle. If we fail this time, if the international community fails, I think it's finished."

His father, King Norodom Sihanouk, has promised a pardon, but it is unclear when that might come, and the king, anxious not to rule Mr. Hun Sen, is keeping his own counsel in Beijing.

"I never said I would go back on March 20, but there's a deadline for me," Prince Ranariddh said, adding, "I have decided that even without the amnesty by the king, I will go back — even to be put in jail."

"But my safety has to be guaranteed," he said. "I don't want that one day they discover me hanging in my cell, and Hun Sen says I did it to myself. So security has to be provided."

"I will not be killed, assassinated, because Hun Sen is a crazy man, an unreasonable man. I have said several times, I don't want to be the

next Aquino," he said, referring to the Philippine opposition leader Benigno Aquino. "I don't believe I will be assassinated at the airport like Benigno Aquino. But with a man like Hun Sen, no one can be really sure or certain."

If his safety cannot be assured — and that would mean, he said, countries like Thailand, Indonesia and even the United States providing "direct and personal security" for the prince — then the elections cannot be called free and fair. Under such circumstances, he said, he will call for a boycott by all the opposition parties and set up a new government-in-exile.

If the voting is going to be unfair or conducted in an atmosphere of intimidation, he said, "We must not participate in the elections. We must not endorse Hun Sen's elections. We must not play into Hun Sen's games. It would be better, at that time, to set up a government-in-exile."

Prince Ranariddh these days is a frustrated man. The international coalition involved in resolving the dispute, he says, is fraying, with some countries moving closer to Mr. Hun Sen. The Clinton administration, he said, has failed to take a high-profile leadership role in keeping the allies together and bringing more pressure on Mr. Hun Sen to allow the prince's return, a factor

that he attributed to Washington's preoccupation with Iraq, the West Bank and the new violence against ethnic Albanians in Serbia.

"I'm quite, let's say, quite upset, quite unsatisfied," Prince Ranariddh said of the administration's efforts on Cambodia. "I do not see any concrete measures being taken to bring me back, to clear the way for my return."

"The pressure is not enough," he said. "With the absence of a common stand, it will serve to weaken the pressure on Hun Sen."

"We have to be much more serious than that in dealing with Hun Sen," he added.

Prince Ranariddh even expressed frustration with the political machinations of his father. While promising a pardon, the king also warned, in an interview published this week, that there was little likelihood the prince would be able to run in the coming elections.

King Sihanouk, in a pessimistic assessment of the Cambodian quagmire, called international efforts to broker a solution "naive," "dreaming," and "wishful thinking."

"If he returns, prison waits for him," the king said of his son, according to news agency reports of remarks contained in his monthly bulletin. "And even if he receives a royal pardon, he will

still be prohibited from the election. I cannot save him."

Prince Ranariddh said he believed his father was engaged in a delicate balancing act, trying to remain neutral and allow the international community to exhaust its efforts. He said he also believed that the king worried about antagonizing Mr. Hun Sen, who has shown a penchant for violence.

The prince said his one fear was that the king would withhold his pardon just long enough for Prince Ranariddh to miss the deadline for filing to run in elections.

"The king has the full right to do so," he said. "But the king does not want to face Hun Sen, and he says that if he dares to oppose Hun Sen, even in complete conformity with the constitution, there will be civil war in my country."

"I think what the king is willing to do is to remain neutral for some time — even quite favorable to Hun Sen — in order to be able to play a role when it is necessary," the prince said. "If all the international efforts fail, I think he will intervene. But in order to intervene, he has to be seen as not taking either side, and maybe acting closer to his adopted son, Hun Sen, rather than his real son, Ranariddh."

Clinton's Visit to China Likely to Be Moved Up

June, Not November, Probable Date for Trip

By James Bennet
New York Times Service

WASHINGTON — Eager to prevent any deterioration of relations between the United States and China over human rights and other issues, the Clinton administration has decided to move up this year's presidential trip to Beijing to late June, from November, according to senior administration officials.

Chinese officials, who hope to showcase the first visit of an American president to China since the massacre of unarmed civilians near Tiananmen Square in 1989, jumped at the administration's proposal for an earlier meeting, said administration officials here and in Beijing.

"It is pretty much a done deal," an official said Wednesday.

"There seems to be utility in considering advancing the date of the trip to China," the White House press secretary, Michael McCurry, told The Associated Press on Thursday. He said that a final decision had not been made.]

The trip is likely to follow the Paula Jones sexual misconduct trial against the president, which is to start May 27 in Little Rock, Arkansas. The trial will now be bookended by high-profile foreign trips, since President Bill Clinton is scheduled to return from a visit to Europe on May 19.

Mr. Clinton does not have to appear at the trial and will not attend as an observer. But some of his advisers want to hold open the option for him to appear to testify in his own defense, if necessary.

Administration officials have been at pains to deny that the charges against Mr. Clinton have had any impact on how he governs, and on Wednesday they said that the Jones trial had nothing to do with rescheduling the China trip.

Because appearances with foreign leaders provide a great opportunity for presidents to appear presidential, Mr. Clinton may reap political benefits from the trip. In conducting a summit meeting with America's biggest international rival immediately after the Paula Jones trial, Mr. Clinton will be able to show that he is absorbed in his official duties — the White House strategy for deflecting charges about his personal life.

Senior officials offered slightly varying reasons for rescheduling the 10-day China trip, now set for the last week of June and the first week of July. One



A local resident watching construction work at the giant Three Gorges dam project on the Yangtze River.

For Huge China Dam, a People ProblemBy Erik Eckholm
New York Times Service

BEIJING — The relocation of at least 1.2 million people to make way for the Three Gorges Dam in central China is off to a poor start, calling into question the official timetable for filling the dam's reservoir five years from now, a Chinese social scientist who toured five of the most heavily affected counties in January says.

Interviews with local officials and people affected by the giant project to tame the Yangtze River suggested that the resettlement program — said by the government to have moved about 100,000 people so far — has been plagued by inadequate compensation and a shortage of new jobs and farmland for people being relocated, official corruption and false reports of progress by local officials to national leaders, the researcher's report says.

Last November, to nationalist fanfare, China diverted the Yangtze around the construction site and began building the dam, which will be the world's largest if completed as planned. The government has signed contracts with Western companies for turbines and other equipment.

But opponents here and abroad, far from giving up, say they intend to step up their campaign. They say the expected designation next week of Zhu Rongji as prime minister gives them new hope that the project, expected to cost more than \$25 billion, might eventually be scaled back or even abandoned. Mr. Zhu is a hard-nosed economic pragmatist.

The dam has been an obsession of the outgoing Prime Minister Li Peng, a Soviet-trained engineer, while Mr. Zhu has shown no enthusiasm, said Dai Qing, a well-known Beijing journalist and one of the few people in China to publicly attack the Three Gorges Dam.

"Zhu has never spoken favorably about the project," Miss Dai said in an interview, noting that Mr. Zhu, as deputy prime minister in charge of finance and the economy, was notably absent from the celebration at the dam site in November.

Government officials say the dam will control floods, provide clean energy and open the interior to shipping. Critics say that the benefits are exaggerated and that the dam will destroy the Yangtze ecosystem, bury priceless cultural relics and cause suffering for hundreds of thousands of people.

The author of the report on resettlement, an experienced field researcher, has concealed his identity to protect his career. His report is being distributed this week by the International Rivers Network and Human Rights in China, two American-based groups that oppose the dam on environmental and human rights grounds.

By 2003, when the dam is built and the reservoir of water behind it is filled to its initial level, at least 500,000 people will have been moved from cities, towns and villages in the provinces of Sichuan and Hubei. By 2009, when the reservoir is filled still higher, the government says a total of 1.2 million people will have to be moved.

But some people are resisting. "Foot-dragging opposition to resettlement is widespread, pressuring a major crisis if the dam project continues as planned," the Chinese researcher wrote, estimating that the number of people moved so far may be little more than half of the official total. Given the slow pace, he wrote, the authorities in one county said no official would want to be in charge of resettlement as the year 2003 approaches because so many people will have to be moved within such a short time, raising a specter of unrest.

Seoul Grounds Ex-Spy Chief In Vote ProbeBy Don Kirk
International Herald Tribune

SEOUL — The former head of South Korea's intelligence agency was banned from leaving the country Thursday, and three other top agency officials were arrested as an investigation into smear tactics during the last presidential campaign gained momentum.

An agency spokesman said the three, and two others previously detained, face charges of defaming President Kim Dae Jung when he was running for election last fall by spreading rumors that the North Korean leader, Kim Jong Il, was contributing to his campaign.

Although President Kim spent six years in jail and many more under house arrest, watched constantly by members of the National Security Planning Agency, his spokesman said he had no desire for vengeance.

"The president believes that now is not the time for us to preoccupy ourselves with the past but pull together to overcome the economic crisis," said the spokesman, Park Jie Won.

But the president's aides are pressing charges against those responsible for arranging three news conferences in which a man identified as a Korean-American businessman said he had evidence that North Korea was bribing Kim Dae Jung. The businessman, Yoon Hong Joong, also is under arrest.

Prosecutors charge that agency officials, led by Lee Dae Song, chief of the agency's international department, paid Mr. Yoon \$19,000 to state that Mr. Kim was a Communist sympathizer who depended on donations from the North. The agency also disseminated a letter in December in which a South Korean defector to North Korea expressed his support for Mr. Kim.

Prosecutors are looking into whether a broad plot to smear Mr. Kim was masterminded by Kwon Young Hae, director of the agency from 1994 until Mr. Kim's inauguration Feb. 25. He was banned from leaving the country, along with 30 other current and former agency officials.

After his inauguration, Mr. Kim appointed his campaign manager, Lee Jong Chan, as the agency's new director. Mr. Lee served years ago as an official in the Korean Central Intelligence Agency, as it was called until 1981.

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Indonesian Army Warns of Crackdown On Student Protests*The Associated Press*

JAKARTA — Indonesia's military warned Thursday that it would crack down on students if their protests against President Suharto escalated during the economic crisis.

The warning by General Wiranto, the chief of the armed forces, was issued as thousands of students continued to carry out protests.

On Tuesday, the 1,000-member People's Consultative Assembly ignored the protests and granted President Suharto, 76, a seventh five-year term, despite a plunge in the value of the rupiah, mass unemployment and soaring inflation.

So far, the military has tolerated the protests despite a ban on mass gatherings during the election period.

In one of the largest protests to date, about 10,000 students rallied and burned an effigy of Mr. Suharto in his hometown, Yogyakarta, as the president was sworn in Wednesday.

General Wiranto said protesters would face the full weight of the law if future demonstrations got out of hand.

"If their actions are destructive," he said, "they have to face the legal apparatus, which includes the armed forces."

In Surabaya, 640 kilometers (400 miles) east of Jakarta, riot police and troops blocked about 100 students from marching Thursday. No arrests or injuries were reported.

At the same time on a campus in Depok, on the outskirts of Jakarta, about 3,000 students called on Mr. Suharto to quit as riot police and troops stood watch.

"Suharto has to step down," said one student, Budi Santoso.

Protection Pledged To Karen Refugees*The Associated Press*

BANGKOK — A Thai general promised Thursday to beef up forces along the border with Burma after raiders crossed it and attacked a refugee camp.

Aided by relief agencies, the Karen refugees began rebuilding the Hnay Ko Lo camp, which was mostly destroyed in an attack this week that killed 2 persons, wounded 33 and left nearly 9,000 without shelter.

Major General Chamlong Phothong, who oversees security in the region, accused the Democratic Karen Buddhist Army of having carried out the raid. A splinter faction of Karen allied with Burma's military government, the group has been at war with Karen nationalists for decades.

Human rights groups accuse the Burmese regime of terrorizing the 100,000 Karen refugees in Thailand in an attempt to force them to return home.

(AP)

Taleban Invites Talks On Female Schooling*The Associated Press*

BEIJING — Despite two-year crackdown on separatist groups in China's far northwest, tensions between Chinese and Muslim minorities persist, fueled in part by uneven economic growth, regional leaders said Thursday.

The campaign, begun after political assassinations and bombings beset the Xinjiang region, used "patriotic education" to get people to turn in suspected separatists, targeted Islamic study groups and purged officials seen as sympathizers, leaders said.

"Basically we have nothing against women's education," "but

campaigns and assassinations and bombings beset the Xinjiang region, used "patriotic education" to get people to turn in suspected

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INTERNATIONAL

West Bank Shooting Was 'Tragic Mistake'

Netanyahu Offers Condolences to Palestinians

Compiled by Our Staff From Dispatches

JERUSALEM — Prime Minister Benjamin Netanyahu on Thursday called the killing of three Palestinian laborers by soldiers at a West Bank checkpoint a tragic mistake.

"To my regret, sometimes there are mistakes and tragic mistakes of the kind that happened," Mr. Netanyahu told Israel Television's Arabic news service in his first formal interview since the shooting deaths west of Hebron on Tuesday.

The Israeli leader appealed to the families of the victims to accept his condolences and pledged to push forward to try to achieve peace with the Palestinians. "I want to tell them I know what price you paid and what pain you feel, and I want you to know from our standpoint we will do everything possible to advance the peace," he said.

He said the three soldiers who shot at the laborers Tuesday at a checkpoint near Hebron believed their lives were in danger when the laborers' vehicle struck one of the soldiers. Palestinians called the soldiers trigger-happy.

Hindu Party And Key Ally For a Majority Now at Odds

By John F. Burns
New York Times Service

NEW DELHI — India's wait for a new government dragged out for another day Thursday when a key regional ally of the main Hindu nationalist party set a price for its support that the nationalists refused to pay. That left the nationalists at least 30 seats short of an assured parliamentary majority.

More than 10 days have passed since a general election produced the most splintered Parliament in India's history.

Although the political odds continue to favor a government led by the Bharatiya Janata Party, a Hindu nationalist group, there are growing signs that any government it forms will be severely hampered by its reliance on an assortment of allies with strong agendas of their own and a potential to unseat the government at any time by depriving it of majority backing in the new Parliament.

Already, veteran politicians are talking of the likelihood of another election in a year or two, with a government in the meantime that will lack the political authority and coherence to tackle many of the country's most pressing problems.

Among these is an economy that is in the doldrums, with slumping growth rates, a drop in foreign investment and a growing sense of pessimism about the hopes for rapid growth that were engendered by market-based reforms earlier in the decade.

The Hindu nationalists based their election campaign largely on a promise that they alone could provide the stability that India needed after a 22-month period that saw an election, in May 1996, that was followed by three minority governments and little in the way of substantive action.

But while the new election produced a shift toward the nationalists, it produced an even more fractured Parliament. Final results for 539 of the 543 elected parliamentary seats that were announced Wednesday showed that 42 parties won seats, compared to 28 in 1996.

The Bharatiya Janata Party and 11 parties that joined in an electoral alliance won 253 seats, 19 short of a majority of 272 seats before two nominated members are added in bringing the lower house up to its full strength of 545 seats.

But while the Bharatiya Janata Party has inched toward a majority by picking up support from some smaller parties that were outside its electoral alliance, it has run into major difficulties with a cluster of parties that were part of the original election partnership. These are primarily a group of parties that won 27 seats in the southern state of Tamil Nadu.

This group is led by a former movie actress, Jayalalitha Jayaram, who has established a reputation as one of the most mercurial — and her critics would say outrageous — personalities in Indian politics.

Ms. Jayaram, 50, who was ousted as chief minister of Tamil Nadu in 1996 in an election that centered on allegations that she had looted the state of \$1 billion, made a startling comeback in the national election by leading her party, the All-India Anna Dravida Munnetra Kazhagam, to 18 of the state's 39 parliamentary seats. Smaller parties that follow her leadership won an additional nine seats.

After originally pledging its support to Bharatiya Janata Party government in New Delhi without conditions, Ms. Jayaram has shifted to brinkmanship, saying that the price for her support includes the dismissal of the Tamil Nadu state government that defeated her in the state election two years ago.

She has also demanded two key cabinet portfolios in the national government, finance and law.

Critics in Tamil Nadu have alleged that Ms. Jayaram's purpose is to quash legal moves against her over the alleged looting of the state treasury.

The Bharatiya Janata Party refused her demands.

The army freed the three soldiers who had been held for questioning after the shooting. "We saw no reason to keep the soldiers under arrest," said Brigadier General Yitzhak Eitan, the commander in the West Bank.

As Palestinian stone-throwing protests swept the West Bank on Thursday, hundreds of flag-waving Jewish settlers in carnival costumes danced and sang in central Hebron to celebrate the Purim holiday.

Palestinians felt offended, saying the celebration made mockery of their grief.

"They are celebrating and we are hurting," Hanan Atrash, 23, said as he watched the parade pass just meters away from the clashes. "Where can we go from here?"

A Jewish settler, Shmuel Mashnik, 42, who had brought his children to the Purim parade, said the deaths did not matter.

"We have been celebrating for 2,300 years," Mr. Mashnik said. "There is absolutely no reason to cancel our celebrations because of some nonsense of the Arabs."

Witnesses said as many as 27 Palestinians were hurt in West Bank clashes with Israeli troops during a second day of protests over the shooting deaths.

In one clash, an Israeli motorist opened fire on Palestinians stoning his car, and seriously wounded a 23-year-old man in the abdomen.

The army said two Israelis, a soldier near Ramallah and a civilian in Hebron, were lightly hurt by stones in the unrest.

Stone-throwing clashes also erupted in the West Bank towns of Beit El and Bethlehem, and in the Shuafat refugee camp north of Jerusalem.

In Hebron, thick clouds of black smoke from burning tires billowed above the city, and the sounds of rubber bullets being fired could be heard above the festive din of the Purim parade.

Asked if tensions would affect peace moves, the Palestinian leader, Yasser Arafat, said in Gaza: "We hope not because we are committed to the peace process in spite of all that we are facing, and we will continue to follow up with the peace process."

Israeli troops had orders to act with restraint at points of friction in the West Bank, parts of which have been handed over to Palestinian self-rule under peace deals with Israel. Mr. Arafat said the Palestinian Authority was in contact with Israeli leaders to try to ease tensions.

Mr. Arafat, speaking in English, told reporters after meeting Prime Minister Fatos Nano of Albania that the Palestinian Authority was "still waiting" for Israeli officials in hand over the results of the investigation of the shooting.

Brigadier-General Rehav Arafat, head of the Palestinian military liaison unit in the West Bank, said Thursday's tensions were less severe than Wednesday's, to which 44 Palestinian protesters were injured.

(Reuters, AP)

\$248 Million Ruling Against Iran, but How to Collect?

By Bill Miller and Barton Gellman
Washington Post Service



An elderly Palestinian woman hurling both rocks and insults at Israeli soldiers Thursday in the West Bank.

Poke at U.S. Envoy's Faith Riles Egypt

By John Lancaster
Washington Post Service

CAIRO — When Egypt's leading newsmagazine featured a caricature on its cover this week of Daniel Kurtzer, wearing the black hat and ringlets of a Hasidic Jew and described him as "a Jewish rabbi disguised in diplomat's clothing," the new U.S. ambassador to Egypt made no attempt at diplomacy.

"I was appalled and hurt by the cover and story in the March 8 issue of Rose al Youssef magazine," Mr. Kurtzer, an Orthodox Jew, wrote in a letter to Egyptian newspapers. "This is no way to treat a friend, a guest in your country, a foreign ambassador, and one who has dedicated his entire life to improving U.S.-Egyptian relations."

"It is also no way to treat a human being who tries to observe his faith with the same dignity and respect that Muslims and Christians observe in practicing their religions," Mr. Kurtzer added.

Displays of anti-Semitism are oozing oew in Egypt, where hatred of Israel still runs deep and many people consider Judaism and Zionism one and the same.

At least in some quarters, however, Mr. Kurtzer's message appears to have hit home. Since it appeared oew stands here earlier this week in the government-owned magazine, the of fending photomontage and accompa-

nying article have been condemned by two of Egypt's leading newspapers, including Al Shabab, an Islamic opposition paper that is usually among Washington's harshest critics.

Such expressions of sympathy, echoed in numerous phone calls to the U.S. Embassy, have been welcomed by American diplomats as a sign that

merely repeating what other American officials had said. "Apparently, Israel has two ambassadors in Egypt now," commented the government newspaper Al Akhbar, suggesting that Washington's new envoy to Cairo was a tool of the Jewish and Zionist lobby."

The article in Rose al Youssef this week consisted largely of a translation of an article in Jewish Week, published in New York, describing efforts by Mr. Kurtzer and his wife, Sheila, to keep a kosher kitchen at their embassy residence.

"My home and my kitchen are open to all Egyptians to enjoy," Mr. Kurtzer said in his response.

"I look forward to entertaining my Egyptian friends in my home and hope that they will return often. In this respect, I hope that responsible journalists in Egypt will condemn what is, in fact, a hateful personal attack."

Egypt's tradition of religious tolerance remains at least partly intact despite the dismal state of Arab-Israeli relations.

"You don't expect the opposition ever to say anything nice about us, but it reflects the fact that this story was beyond the pale," said the U.S. Embassy spokesman, Rick Roberts.

"There have been a lot of people who reacted in horror to this story because it is against Egyptian tradition."

Not that Mr. Kurtzer, 48, was wholly unprepared for questions related to his faith. A career diplomat who served here from 1979 to 1982 and returned as ambassador in January, Mr. Kurtzer caused

controversy at his first news conference when he described Egypt's decision last year to boycott a U.S.-sponsored regional economic meeting attended by Israel as a "serious mistake."

Never mind that Mr. Kurtzer was

BRIEFLY

Annan Buttonholes House Republicans

WASHINGTON — Secretary-General Kofi Annan challenged the House Republican leadership Thursday to justify its decision to stop payments to the United Nations unless the Clinton administration accepts a rider cutting off all aid to any group advocating abortion.

Speaking at a news conference on the second day of a visit to Washington, Mr. Annan said that he preferred to stay out of U.S. politics.

But he added: "What I can say is that not a cent of the amount of money due to the UN that we are discussing is intended for abortion or any abortion-related issue. Most of it is for payment of peace-keeping, for us to reimburse governments that put men and women in harm's way so that this world could be a better place." (NYT)

Drier Panama Canal

PANAMA CITY — A severe drought blamed on El Niño weather pattern has prompted the authorities to lower the level of the Panama Canal and require Thursday that some ships carry lighter loads.

The U.S. Canal Commission reduced the maximum draft of vessels crossing the canal by six inches (15 centimeters) to 39 feet (1.19 meters). The commission estimates the reduction will affect 17 percent of ships crossing the canal through October — about 1,500 ships.

The drought has reduced the level of Lake Gatun, which feeds the canal. Rainfall this season was lower than ever in the canal's 84-year history. (AP)

Mandela Will Testify

JOHANNESBURG — President Nelson Mandela of South Africa will testify in a case involving allegations of graft and racism in rugby, his office said Thursday, a move that legal experts and government aides worry may make him a target for other court challenges.

State radio reported that a Pretoria High Court judge, William de Villiers, had dismissed an application by Mr. Mandela's legal team to prevent him from taking the stand. Mr. Mandela's subsequent decision to appear will make him the first sitting South African president to testify on an executive decision in open court.

Lawyers for the South African Rugby Football Union, which is contesting a judicial inquiry into its operations, say Mr. Mandela neglected his duties by rubber-stamping the inquiry request by Sports Minister Steve Ishwane. (Reuters)

For the Record

Pictures of King Fahd leaving a hospital were splashed across the front pages of Saudi newspapers Thursday. The U.S. State Department has said Riyadh informed it that it erred in reporting that the king had undergone surgery. (AP)

Islamic Jihad Calls For Attacks After U.S. Court Verdict

JERUSALEM — Islamic jihad, a militant Palestinian group, called on its members Thursday to attack Israeli soldiers and settlers in response to a U.S. court decision on a 1995 bombing.

A U.S. judge ordered Iran on Wednesday to pay \$247.5 million to the family of an American student killed in the bombing, ruling that Tehran financed Islamic jihad guerrillas who carried out the attack.

"This strange verdict is an expression of the rudeness of the American administration and an indicator of the arrogance of American policy in the world," the group said in a leaflet faxed to Reuters.

"We call on our Palestinian people to escalate the armed struggle against occupation forces," the group said.

Alisa Flanov, a 20-year-old woman from West Orange, New Jersey, was killed when a suicide bomber struck an Israeli bus in the Palestinian-run Gaza Strip in 1995.

Her family filed a civil lawsuit charging that Iran should be held responsible for the attack.

The District Court judge concluded from expert testimony that the Iranian government had funded worldwide terrorism in the amount of \$75 million each year and that some of that money was provided directly to Islamic jihad.

Iran, a Treasury Department spokesman said, Mr. Perles said the family also could attempt to persuade another nation to turn over Iranian assets in its control.

"Iran by any standard is a wealthy country," he said. "We anticipate collecting the entirety of the judgment."

Until Wednesday, only one other nation had been ordered to pay damages under the new law. In December, a federal judge in Miami ordered Cuba and its air force to pay nearly \$137 million to the families of three U.S. citizens killed last year when Cuban fighters shot down two small planes in international airspace.

Congressional leaders and lawyers said they believed Judge Lambeth's decision, although not binding on other courts, would influence future rulings in cases filed under the 1996 amendment to the Foreign Sovereign Immunities Act. Relatives of the victims of the Pan Am 103 bombing over Lockerbie, Scotland, have a similar claim pending in New York against Libya for the 1988 attack.

CHINA: It Will Sign UN Pact

Continued from Page 1

that made savage attacks on the United States and its media.

Under Mr. Qian, China has become more active in international organizations. Long cool to multilateral institutions that might compromise its self-interest and agenda, China has joined international conventions on nuclear weapons tests and child labor, and now human rights.

As for the human rights convention, China signed another key accord, the International Covenant on Economic, Social and Cultural Rights, last October but the legislature has yet to ratify it.

Most human rights groups continue to condemn China's record and favor a strong Geneva resolution. Amnesty International said in a report this month that despite human rights concessions, little had changed in practice in China.

The group said that thousands of Chinese had been detained without trial, that trials were "grossly unfair" and that torture was widespread in police cells.

In Washington on Wednesday, House and Senate committees approved a non-binding resolution urging the Clinton administration to condemn "serious human rights abuses" in China at the meeting of the UN Human Rights Commission.

Before those votes, a commentary in the state-run China Daily newspaper said the United States had "no right to lambast China's human rights" record. The commentary said the attacks on China were "based on hegemonic ambitions and mercantile considerations, rather than genuine concern about the well-being of the people of the target country."



Foreign Minister Qian Qichen of China, right, chatting with a colleague shortly after he announced that he was resigning because of his age, 70.

Sex Harassment Finding Disturbs Tokyo

Agence France-Presse

TOKYO — Sexual harassment is rampant in Japanese government agencies, with one in six female employees saying their bosses have demanded sex, according to a national poll published Thursday.

Of the women polled, 17 percent said their bosses had demanded they have sexual relations, while 6.2 percent were raped or came close to falling victim to sexual violence, the national poll survey said.

Prime Minister Ryutaro Hashimoto said the findings were disturbing.

"I take the figure very seriously, and we have to be concerned about the women make tea for male colleagues as being sexually humiliating, while 54 percent of the men disagreed, it said.

The survey, the first of its kind by the personnel authority, found the most common forms of harassment were sexual jokes, cited by more than 70 percent of women. A total 67 percent of respondents had also been the victims of unwanted physical contact.

The survey, conducted between November and December, covered 2,500 male and 2,500 female public servants at all government ministries and agencies.

Differences between male and female perceptions of harassment also were revealed. More than 50 percent of the women considered demands that they make tea for male colleagues as being sexually humiliating, while 54 percent of the men disagreed, it said.

EUROPE

Denmark's Government Wins One-Seat Margin

Social Democrats' Victory Bolsters Prospects For 'Yes' in Referendum on EU Enlargement

Reuters

COPENHAGEN — Prime Minister Poul Nyrup Rasmussen said Thursday that his center-left government would stay in office after winning Denmark's general election and that economic policy would remain on course.

Mr. Rasmussen's victory increases the likelihood of a "yes" vote in the May 28 referendum on European Union enlargement, political analysts said.

The perceived wisdom is that a Social Democrat-led government might be able to manage better the campaign for a "yes," an EU diplomat said.

EU leaders had been watching the general election to see who would take charge of the referendum. All EU members must ratify the enlargement agreement for it to come into force.

Mr. Rasmussen said the top priority of his new administration would be to ensure passage of the referendum.

Election night proved a nail-biting affair with the outcome too close to call until votes from the North Atlantic territories — Greenland and the Faeroe Islands — had been counted.

A margin of 176 votes secured one new parliamentary seat from the Faeroe Islands for the Social Democrats and their allies, adding up to a total of 90 seats in the 179-member legislature.

■ Split in Right Aided Rasmussen

Alan Cowell of *The New York Times* reported earlier from Copenhagen:

Mr. Rasmussen's government contained a challenge from the center-right because the opposition was split into moderate and more extreme camps.

The 89 opposition seats include 13 seats for Pia Kjaersgaard's two-year-old Danish People's Party, which is regarded as too extreme by traditional political groupings, such as the center-right Liberals of former Foreign Minister Uffe Elleman-Jensen.

The winner is Pia Kjaersgaard, but her policies are unacceptable to a civilized, "bourgeois government," a government official said.

Since the previous election four years ago, Mr. Rasmussen has governed Denmark with a minority in Parliament.

Turnout was around 85 percent, slightly higher than usual in a country that takes its elections seriously and does not object to complexity.

"Danes love this," said a government official as the numbers switched between government and opposition ma-

jorities at various stages of the count.

Any party winning at least 2 percent of the vote gets a proportional share of seats in Parliament, meaning that coalitions are virtually inevitable and parties must rule by consensus. Danes are mavericks on European integration, too, initially rejecting the Maastricht treaty in 1992 and approving it only when, like Britain, Denmark secured exemptions from such pillars of the treaty as the single currency.

But the general election campaign centered more on domestic than foreign issues, with rightist and center-rightist parties seeking to capitalize on a sense among some Danes that the country's non-European foreigners — who make up less than 4 percent of the population, are becoming an increasing burden on Denmark's cosseted welfare state.

The strong showing by Mrs. Kjaersgaard's party will almost certainly produce pressure to tighten border controls. It also reflected a xenophobia that could influence the May referendum.

Long, who headed the investigation, said the Prowler was flying at least 100 kilometers an hour over the maximum permitted speed when it passed over the ski resort of Cavalese, where the lift stood, and "well below 1,000 feet," about 30 meters.

Speaking at a news conference Thursday at Aviano Air Base, where the Prowler took off, General DeLong said the plane should have been flown at an altitude not below 2,000 feet, but that this discrepancy had not caused the accident, in which 20 civilians were killed. Instead, he said the cause of the accident in clear weather was "crew error." He said numerous witnesses interviewed by investigators had reported that the crew was "aggressively maneuvering their aircraft" in steep Alpine valleys in northern Italy.

That verdict appeared to confirm the conclusion of some Italian officials that the crew of the Marine Corps EA-6B Prowler was hotdogging it down a densely populated Alpine valley of northern Italy when they brought down the ski lift cabin Feb. 3, killing all 20 people in it.

A top Marine Corps commander has ordered the military equivalent of a grand jury hearing to determine whether the four-member crew under Captain Richard Ashby should be charged with offenses that include involuntary manslaughter and negligent homicide.

Major General Michael De-



Mr. Rasmussen and his wife basking after Faeroe Islands voters gave his coalition a victory.

'Aggressive' Flying Brought Down Ski Lift

By John Tagliabue
New York Times Service

AVIANO, Italy — A military investigation of a U.S. jet that sheared ski-lift cables in Italy concluded Thursday that the crew flew too fast and too low, and that the cause of the accident was the way crew members "aggressively maneuvered their aircraft" in steep Alpine valleys in northern Italy.

Speaking at a news conference Thursday at Aviano Air Base, where the Prowler took off, General DeLong said the plane should have been flown at an altitude not below 2,000 feet, but that this discrepancy had not caused the accident, in which 20 civilians were killed. Instead, he said the cause of the accident in clear weather was "crew error." He said numerous witnesses interviewed by investigators had reported that the crew was "aggressively maneuvering the aircraft."

Italian government officials welcomed the results of the investigation. The deputy defense minister, Massimo Bruti, said the results confirmed Italian conclusions that the cause was "violation of the rules on the part of the crew." In the weeks

after the accident, Italy demanded to prosecute the crew under its laws, but NATO's charter clearly leaves jurisdiction with the United States.

Mr. Bruti, speaking at a separate news conference on the Italian portion of the base, said Italy continued to seek jurisdiction, but he conceded that the "constant practice" within NATO was to allow trials in the country of origin.

Francantonio Granero, an Italian prosecutor who is also investigating the crash on the outside chance that the United States will allow the crew to be tried in Italy, welcomed the report. He said his investigation was also "seeking to reconstruct everything," including the possible fault of Italian officials for failing to monitor the flights of allied aircraft over Italian territory.

General DeLong said his investigation had been unable to find out why the Prowler, an electronic surveillance jet, was flying so low and so fast. He said the crew, on the advice of lawyers, had refused to be interviewed, "so we

have no idea what they thought or what they were thinking." He said the plane, which flew 289 operational missions over Bosnia and 11 training flights during a six month tour of duty at Aviano, was flying at between 365 feet and 375 feet when it sliced through the two cables of the ski lift with its right wing. The crew was scheduled to return to their home base at Cherry Point, North Carolina, only days after the tragedy.

Lieutenant General Peter Pace, the commander of all Marines in the Atlantic fleet, said he was forwarding the results of the investigation to Marine legal experts, and would convene an "Article 32" review — a kind of military grand jury — "to consider whether charges such as involuntary manslaughter, negligent homicide, damage to private and government property, and dereliction of duty" should be brought against crew members. If convicted, Captain Ashby and the other crew members could face prison sentences and dishonorable discharge.

It is not just mere species survival he wants, either. Holding on to degraded coastal and marine environments that support only marginal populations is not enough. Looking at a 1959 logbook from a swordfish trawler off Long Island, he notes records of big fish after big fish — a plenty and size not seen since the 1970s and the population plummeted.

"The much-diminished swordfish still lives," he writes. "Lei's not be comforted by its mere existence, but rather insist upon remembering the shape the world is supposed to have: round and whole. And that may vision of abundance someday gather enough power to levitate the dead."

"Song for the Blue Ocean" is not a policy book and regrettably does not outline a national or international strategy for changing how nations use marine life. Nor does it explore the differences and conflicts among environmental advocates who seek to protect the ocean. But it offers an invaluable indictment of politics and industry gone bad. And its poetic and powerful re-enchantment of nature makes it great.

James William Gibson, a sociologist at California State University at Long Beach, wrote this for *The Washington Post*.

Blair Sees Ulster Talks Near Agreement

Reuters

LONDON — Prime Minister Tony Blair said Thursday that the framework for a Northern Irish peace settlement was "agonizingly close," and he urged Sinn Fein, the IRA's political wing, to rejoin the process.

"I hope Sinn Fein come back to the process," Mr. Blair told Independent Television News after meeting a Sinn Fein delegation in London. "We are agonizingly close to agreeing certainly the framework — the outline — of a settlement."

The Sinn Fein leader, Gerry Adams, said he wanted his party to return to the talks as soon as possible but would have to consult other Sinn Fein leaders before making a final decision.

"My own view is that we should seek to go back into the talks at the earliest possible opportunity," he said. "But that is not a decision for me alone. We are a collective leadership. We will consult."

Sinn Fein, which, like the Irish Republican Army, wants an end to British rule in Northern Ireland, was expelled from the talks for 18 days after police linked the IRA with two killings in the province.

Mr. Adams said he was deeply committed to finding a settlement to the troubles in Northern Ireland. "No matter how difficult or dangerous or disagreeable that might be, we all have to do our best," he said.

Mr. Adams went immediately from the talks with Mr. Blair at No. 10 Downing Street to Heathrow Airport bound for New York City.

Mr. Blair said he remained "substantially optimistic" that an overall agreement could be reached by Easter, only four weeks away.

The agreement would then be put to the public in referendums in Northern Ireland and the Irish Republic on the same day in May.

The British and Irish governments hope ratification of a plan in the referendum will end a quarter-century of sectarian conflict in Northern Ireland, which has claimed more than 3,200 lives.

An early return to the table by Sinn Fein would be a considerable boost to the process, although leading Northern Unionists have accused the British government of giving in to violence by countenancing it.

Unionists are committed to keeping

Northern Ireland under British rule and the peace settlement will give the Irish government a say in how the province is run.

Mr. Blair was to meet with David Trimble, leader of Northern Ireland's biggest pro-British group, the Ulster Unionist Party, later Thursday to urge his party to keep working toward a settlement by Easter.

This year, Easter falls on the long weekend of April 10-13.

Before the meeting, a leading negotiator from the party, Jeffrey Donaldson, protested that Britain was bowing to republican violence and warned that prospects for agreement at the talks were fading.

"We believe that the government's retreat to that position is a direct result of the violence and the threats of the IRA, and it is also about bringing the Sinn Fein boycott of the talks to an end," he said.

The peace process has been undermined by a surge in violence in the province since Christmas.

The latest incident was a fire that badly damaged a pub in a Roman Catholic area of West Belfast early on Thursday.

Blair Sees Ulster Talks Near Agreement

By Stephen Kinzer
New York Times Service

ISTANBUL — "Justice triumphed in the end," said Kemal Iskender, police chief in the western town of Manisa, after a court acquitted 10 police officers accused of torturing a group of young people who were arrested for political crimes in 1995.

But Murat Akbay, a leader of the center-left Republican People's Party who has supported the youths, said the verdict "gives encouragement in those who are involved in torture."

In one of Turkey's most closely watched human rights cases, a three-judge panel in Manisa issued a brief statement Wednesday saying the defendants were absolved because "definitive and convincing evidence for the torture accusations could not be found."

Lawyers for the young people said they would appeal.

The 14 "Manisa children," as they have come to be known, were in their teens and early 20s when they were arrested and charged with membership in a subversive leftist organization.

They asserted that their only offenses were hanging posters and reading magazines critical of the government.

In the hours after their arrest, two lawyers arrived at the Manisa police station and, through an error, were allowed to enter the detention area. They later said they saw some of the young people naked and apparently suffering from serious abuse.

Many defendants in political trials in Turkey claim to have been mistreated while in pretrial detention, but the Manisa case has been taken more seriously than others because there was eyewitness testimony.

Eleven of the 14 young people were convicted of political crimes and sentenced in prison terms of up to 12 years. Their convictions were later overturned.

A prosecutor refused to charge the officers with torture, and asserted that they were guilty only of "mistreating arrested persons."

Judges were transferred several times during the case, and hearings were held in a small courtroom which often seemed to be on the edge of chaos. At a tumultuous hearing in October, judges refused to order the officers to appear in court so their accusers could identify them.

As the officers left the courthouse following the verdict Wednesday, one lawyer for the young people, Pefin Erdal, shouted after them: "Will you be able to sleep at night?"

"You were involved in torture. You will certainly pay for it."

The issue of torture and abuse in Turkish prisons is often cited by Europeans and others who assert that Turkey cannot be considered a fully functioning democracy. When leaders of European Union countries met in December and decided not to act on Turkey's application for membership, Prime Minister Jean-Claude Juncker of Luxembourg said, "It

cannot be that the representatives of a country in which torture is still going on can sit at the table of the European Union."

Officials of several foreign governments have cited the Manisa case as a key test of whether Turkish judges feel strong or independent enough to discipline abusive police officers.

The chief human rights official in the Clinton administration, John Shattuck, an assistant U.S. secretary of state, recently called it one of Turkey's three most important human rights cases.

"If convictions occur in these cases," Mr. Shattuck said in a Washington speech, "this will send a clear message that abusers will pay a heavy price."

A verdict in another of the cases Mr. Shattuck cited, in which police are charged with beating to death a journalist, Metin Gokrepe, in 1996, could come as early as next week in the town of Afyon.

"I am afraid that the decision in Afyon may be affected by the Manisa decision," said Sabri Ergul, a lawyer representing the Manisa young people who is also a member of Parliament. "The government has sent a message that it does not want to see police torturers imprisoned."

"No one has the right to force Turkey to hang its head in shame before the civilized world," Mr. Ergul said. "This decision harms the respectability of Turkey, where criminal gangs operate freely. We will continue to raise our voices against it."

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An Agenda for China

The National People's Congress would never be mistaken for a democratic legislature, but this month's meeting provides a revealing look at China's response to the Asian financial crisis, which threatens its hopes for continued rapid growth. The meetings have been dominated by the ideas of Zhu Rongji, an energetic reformer who has run the economy in recent years and is now to become prime minister. He would rescue the banks, consolidate state industry, shrink the bureaucracy and accelerate public works. But his agenda may not be ambitious enough.

China's crisis will affect China in several ways. Neighboring countries, their costs cut by devaluation, will be tougher trade competitors. Large investments from Chinese communities elsewhere in Asia may dry up. Asia's sudden meltdown is also a warning of problems that China itself could face without major new reforms.

Mr. Zhu is a pragmatist who believes in using government to spur growth, with help from market forces. But China's economic decision-making remains mired in patronage and distorted by politics. Mr. Zhu has some authority to change that, but is answerable to a Communist Party unwilling to loosen its grip. His own

reformist zeal has never extended to political control.

He now hopes to put the economy on a sounder financial basis. He would reformulate banking, centralize their supervision and encourage tougher lending standards. He plans to consolidate large, inefficient state companies and fire millions of their workers. He also talks of eliminating millions of government jobs. To absorb laid-off workers and counter the regional contagion from Asia, he would invest heavily in infrastructure projects.

These reforms are logically linked. But there are problems with several elements. Not enough money has been provided to pay off bad bank debt. State companies still must pay cash and housing allowances to furloughed workers because China has no social safety net. Public works spending will be more modest than initially reported.

While Mr. Zhu now becomes prime minister, his authoritarian and anti-reform predecessor, Li Peng, continues as China's second-ranking political leader after President Jiang Zemin. Mr. Zhu's further elevation will depend on the success of his economic plan. So, too, will China's hopes for continued prosperity and stability.

—THE NEW YORK TIMES

Serious About Kosovo?

Secretary of State Madeleine Albright spoke uncompromisingly after the latest Serbian police atrocities against civilians in Kosovo. "We are not going to stand by and watch the Serbian authorities do in Kosovo what they can no longer get away with doing in Bosnia," she said. Her warning was on target. Serbian violence in Kosovo not only is immoral but also risks a widening conflict in the Balkans. Only one thing would be worse than not issuing such a statement, and that would be issuing it but not backing it up.

Kosovo is part of Serbia, but its population is 90 percent ethnic Albanian. Its limited autonomy was revoked in 1989, and since then the nationalist Serbian leader Slobodan Milosevic has refused to negotiate with Albanian leaders over their legitimate political aspirations.

Thanks to his failure, and the absence of effective pressure from the United States and its allies, tensions have increased, and an armed Albanian guerrilla force has gained strength. When it killed four Serbian policemen, the Serbian police responded by killing scores, including many women and children. U.S. special envoy Robert Gelbard on Tuesday called the Serbian government's use of force "brutal, disproportionate and overwhelming."

Mrs. Albright moved with appropriate speed to martial international

opposition to the Milosevic government's actions. She rightly argued that Europe cannot wait too long to act, as it did when civil war consumed Bosnia. Russia withheld support from some measures, but the United States and European powers agreed to a few sanctions that are modest but meaningful. More important, they stated clearly that if Mr. Milosevic does not cease the use of force and begin serious negotiations within two weeks, much more punitive measures will be adopted. The international war crimes tribunal also began an investigation, an important step.

Backing up her threat will not be simple. Russia ruled out any substantial contact with the Serbs, save an August 1996 "memorandum of understanding" between Mr. Milosevic and Mr. Rugova according to which a six-year-old Albanian boycott of schools would be terminated.

That agreement was never carried out, but there was hope

—THE WASHINGTON POST

Leftover Plutonium

Russia and the United States have dismantled thousands of nuclear warheads since the end of the Cold War, but all the plutonium from those warheads is still stored in bomb-ready form. Washington and Moscow must move quickly to reduce the risks that some of that plutonium could end up in the wrong hands, for example through diversion to rogue states like Iraq or Libya.

Washington and Moscow already cooperate on plutonium management, and last week's upheaval at Russia's Ministry of Atomic Energy should not change that. Joint efforts have improved security at Russian plutonium storage plants, and a new, more secure facility is being built. But security precautions are not enough.

Technology exists for making plutonium much harder to use for bomb-making. Russia has not used that technology yet, because of a sterile international dispute over which of two methods would be more desirable. One converts the plutonium into ceramic form and embeds it in glass canisters. The other uses it as fuel in power reactors. The Clinton administration should help break the technology impasse by encouraging Russia to move ahead with both methods, as America plans to do with its own bomb plutonium. Russia's preference is to use the plutonium in reactors.

In most other circumstances, using plutonium for power is a bad idea, because it usually requires converting relatively benign forms of plutonium into potential bomb ingredients. But

Other Comment

The Choice for Serbia

If there are no negotiations in good faith and no substantial progress made in the next few months, then the Contact Group will have to totally isolate Yugoslavia. The Serbs will have made another tragic miscalculation and, once again, will face a loss of territory accompanied by the tragic sight of more Serbs leaving land on which they have lived for many centuries.

—Lord Owen, commenting in The Daily Telegraph (London).

Clear Up the Dangerous Ambiguity About Taiwan

CAMBRIDGE, Massachusetts —

By Joseph S. Nye Jr.

The United States should clarify its policy on Taiwan.

The 1972 Shanghai communiqué recognizing the existence of one China was calculatingly ambiguous. It merely takes note of the differing positions on Taiwan of the United States and the People's Republic of China.

In 1979, when the United States switched its diplomatic recognition of China from Taipei to Beijing, the U.S. Congress passed the Taiwan Relations Act, but it is also crucially imprecise. It pledges to help Taiwan defend itself, but not necessarily to come to its defense if it is attacked by the mainland.

If Washington leaves these ambiguities in place, it may court disaster.

The growth of democracy in Taiwan is an important achievement, but it has introduced increased uncertainty. In November, the pro-independence Democratic Progressive Party defeated the ruling Kuomintang in local elections. It is well positioned for the presidential race in 2000. Beijing has warned many times that it will use force should the island declare independence.

In the mini-crisis of 1995-1996, the mainland carried out six rounds of military exercises including missile launches in the Taiwan Strait to protest what it regarded as steps toward independence by Taiwan's President Lee Teng-hui. In response, the United States sent two carrier battle groups off the coast of Taiwan. However, polls show that few Americans want to be involved in a war with China over Taiwan.

Declaring independence would provide little but symbolic gains for Taiwan, but it would create serious dangers for Taiwan's impressive democratic freedoms and successful market economy. Beijing has stated that it is willing to see Taiwan's democratic political and economic system exist for decades, as long as the island does not declare independence.

Despite considerable trade, investment and tourism across the strait, formal talks between the two sides have been stalled for nearly two years.

A three-part package, either negotiated or carried out by simultaneous unilateral declarations from Washington, Beijing and Taipei, could preserve these freedoms in Taiwan.

The United States should state plainly that its policy is "one China" and "no use of force." It should also say that if Taiwan were to declare independence, it would not recognize or defend it. Moreover, it would work hard to discourage other countries from recognizing Taiwan independence.

At the same time, Washington would repeat that it would not accept the use of force, since nothing would change as the result of any abortive declaration of independence by Taiwan.

Beijing would now decisively reject the idea of declaring independence, it would not oppose the idea of more international living space for Taiwan. There would be more opportunities like Taiwan's participation in the Asia-Pacific Economic Forum, the Olympics and other forums where Taiwanese could express themselves, as long as they confirmed that Taiwan was part of one China.

Beijing would also stress that its "one-country, two-systems" approach to Hong Kong could be broadened to "one-country, three systems."

Taipei would forswear any steps toward independence and pledge to intensify the cross-strait dialogue and

stimulate greater flows of investment and more exchanges of people.

Such a three-part package could be considered a dynamic status quo. No side would rock the boat politically, hot political evolution, economic development and social change could improve relations in the longer run.

Such an initiative would reduce the current risks of a crisis that is not wanted by any of the three parties.

It would provide a framework for Chinese on both sides of the strait to negotiate practical details of what constitutes "steps toward independence" on the one hand and "more international living space" on the other.

History shows that self-determination has often led to disaster — witness the former Yugoslavia. If simultaneous preservation of democracy and peace is the real moral problem confronting practical policymakers, this modest proposal can claim the high ground.

The writer, dean of Harvard's Kennedy School of Government, was an assistant secretary of defense for international security affairs in the Clinton administration. He contributed this comment to The Washington Post.

How Mediation Could Help Resolve the Kosovo Crisis

By Thanatos Veremis

ATHENS — Kosovo can seem like the San Andreas fault in California. The catastrophic quake is foreseen, but the date is not yet determined.

Still, after last week's eruption of violence in Kosovo there is a fleeting opportunity for international mediation.

When autonomy was revoked in 1989 by Slobodan Milosevic, then president of Serbia and now president of Yugoslavia, the Kosovo Albanians adopted the passive resistance principle of their leader, Ibrahim Rugova, and set up a parallel state of their own.

Their self-imposed isolation has since precluded any substantial contact with the Serbs, save an August 1996 "memorandum of understanding" between Mr. Milosevic and Mr. Rugova according to which a six-year-old Albanian boycott of schools would be terminated.

That agreement was never carried out, but there was hope

that this communication would set a precedent for future talks.

The Kosovo Liberation Army introduced itself as a new element in the equation two years ago. Its visiting card consisted of assassinating Serbian policemen in order to provoke a violent response. This attracted international attention and challenged Mr. Rugova's advocacy of passive resistance.

His policy had already been criticized by the dissident politician Adem Demaci, who called for more activism but did not rule out talks with the Serbian authorities. Elections in Kosovo on March 22 may show whether public opinion has been radicalized significantly.

A major impediment to a solution is the reluctance of the two sides to come to the negotiating table on anything but their own terms. The Kosovo Albanians shrink from any bilateral

meeting that could be interpreted as acceptance of the Serbian regime, and insist on international mediation. The Serbian government considers this a domestic dispute.

América carries weight with the Serbs. It could convince Mr. Milosevic, or the new president of Serbia, Milan Milutinovic, that a third party in the discussions need not compromise the Serbian position if it is not the representative of a major Western power but rather a nongovernmental organization from a smaller state in the region.

A nongovernmental organization that has the confidence of both sides could go a long way toward breaking the logjam. The role of the San Egido community, in Rome, in facilitating the education agreement of 1996 is an example of how small actors can succeed in mediation where great powers fail.

Semantics are important. The Albanians will refuse the term "autonomy" but settle for a "special regime," while the Serbs will not accept "self-determination" but may agree to an "interim arrangement."

Under a policy proposal in "Kosovo: Avoiding Another Balkan War," recently published by the Hellenic Foundation for European and Foreign Policy and the University of Athens, the starting point of a negotiation should be that:

• The territorial integrity of the Federal Republic of Yugoslavia is not questioned. However, future constitutional arrangements regarding the status of Kosovo will be at the center of the settlement process.

• The Albanian population of Kosovo is part of the Federal Republic of Yugoslavia.

• The international community (United Nations, European Union, Organization for Security and Cooperation in Europe,

etc.) guarantees the federal character of Yugoslavia, with Kosovo as a constituent part. A "special status" that amounts to a federal arrangement ought to be the target of this effort.

An interim restitution of Kosovo's autonomy should go into effect until an agreement is concluded. The Kosovo Albanians should agree to participate in Yugoslav elections. Military units should be moved from urban centers to the periphery. All paramilitary units should be disbanded.

Unlike natural disasters, man-made crises can be resolved. Timely management could prevent the Kosovo fault from destabilizing the region.

The writer is a professor of history at the University of Athens and president of the Hellenic Foundation for European and Foreign Policy. He contributed this comment to the International Herald Tribune.

Has Serbia Started Something That No One Will Stop?

By William Pfaff

PARIS — Consider Kosovo and Iraq. The similarities and differences influence the response to the Kosovo crisis of the so-called Contact Group in London this past Monday.

Kosovo, in terms of international law, is a Serbian internal affair. Whatever the violence committed against its Albanian majority, international law and convention limit the intervention of foreign governments to persuasion, or to measures of sanction that in practice tend to punish the population.

I do not say the innocent population, because the voters of Serbia unquestionably support repression of the movement for Albanian autonomy or independence in Kosovo. There is an immense emotional charge behind their belief that Kosovo, because of Serbia's history, is an inalienable part of Serbia, who ever actually may live there.

The Serbian people had their chance last winter to depose

Slobodan Milosevic. The leaders of the democracy demonstrations, which then seemed so impressive, squandered that opportunity in sterile personal rivalries. Today they support the government against the Contact Group's demands.

In Iraq, where an even more ruthless apparatus of political control exists, no outsider can know what the scale of opposition to Saddam Hussein really is. By defying the United States last fall, and again in the last few weeks, the Iraqi dictator has fired national pride and won an increase in permitted oil sales and humanitarian imports. If he keeps the promises made to Kofi Annan concerning arms inspections, he is within sight of an end to sanctions.

The hysteria which often surrounds discussion of Saddam Hussein obscures the fact that because he has been an international aggressor he has been easier to deal with than Slobodan Milosevic. Saddam went to war with Iran in 1980, thinking to overthrow its revolutionary government, and enjoyed tacit American sympathy in doing so, as well as intelligence and arms help. But when he invaded Kuwait, it was not difficult for the Bush administration to organize an international coalition to eject his army.

Slobodan Milosevic is an internal aggressor. He attacks what he portrays as destructive movements inside his country's borders. When his country was Yugoslavia, he tried to prevent secession by Slovenia and Croatia. When Europe recognized those countries' independence, it turned Belgrade's action into international aggression — but did nothing to stop it.

Mr. Milosevic could let Slov-

enia and Croatia go because his aim was a greater Serbia. It proved unattainable, and he abandoned the Krajina, Serb minority in Croatia, and the so-called Republika Srpska in Bosnia. But he cannot now let Kosovo go because it is the focus of Serbian nationalism. His power has from the start rested on the nihilistic exploitation of that nationalism.

What can be done about people like Slobodan Milosevic and Saddam Hussein? The United States can contemplate an arms embargo, diplomatic isolation, etc., for Serbia, but Russia resists strong measures. No one dared talk about armed intervention, although the United States once warned of military action should the Kosovo Albanians be attacked.

Armed intervention is pointless when, as in Iraq in February, no coherent explanation can be supplied as to how bombing will make a difference to the despots' behavior. As a "lesson," bombing has always proved illusory policy. On the other hand, violence can make a difference when it has a direct effect on what is happening.

If the Serbian authorities do not call off their campaign of militarized repression in Kosovo by March 19, as demanded by the Contact Group, the argument can be made for attacking those forces. They are identifiable military targets and the actual instruments of Mr. Milosevic's power. NATO's experience in Bosnia demonstrated that force can change his mind. However, this is not going to happen.

Mr. Milosevic might back off. He takes calculated risks, and the downside of what he has done this time is considerable.

He seems to have mistakenly assumed that America, and therefore Europe, would ignore renewed repression in Kosovo.

However, his career has rested on provoking nationalism and creating wars. This time he may have started something he cannot, or will not, stop, and which the international community is unwilling to stop.

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International Herald Tribune

Los Angeles Times Syndicate

20

over the pacific elements to demanding blood as the penalty for occupation. The score stands: two Frenchmen killed, with at least seven Germans dead.

1948: No Peace in Death

PRAGUE — Two hundred thousand men, women and children jammed ancient Czernin Palace today [March 12] to pay their last respects to Jan Masaryk. Many broke down as they glimpsed their Foreign Minister in a simple black coffin. His features, composed in death, showed few effects of his suicide plunge from his palace apartment. The esteem in which he was held was contained in the sobbing and weeping of 200,000 persons. But the new Communist government accelerated its propaganda campaign to blame the West for the suicide. It charged that Masaryk was driven to suicide by the bitterness of attacks in Western newspapers.

1923: Bloody Penalty

DUSSELDORF — From the Ruhr to this city, the directing point for the French forces, the population is tense

with the fear that guerrilla warfare may be in progress.

If the actions of the past forty-eight hours are parts of such warfare, it seems that the Nationalists of the interior of Germany have won

The current issue of the Wiener Klinische Wochenschrift contains a list of senior faculty members expelled from 1938 to 1945. An accompanying editorial pays tribute to all those nameless physicians forced into emigration or con-

tinued to practice in the Harrow

Longwood Neurology Program.

OPINION/LETTERS

Math Class Is Important, But So Is Experience

By Robert J. Samuelson

WASHINGTON — The computer guru at Newsweek's Washington bureau (where I work) graduated from the College of William and Mary in 1983 with a major in English literature, without ever using a computer.

He acquired his computer skills gradually, first at an editing job elsewhere and then by parlaying that into the Newsweek job.

I mention all this as a way of asking the obvious question posed by Americans' dismal showing recently on the international science and math tests: If American students are so bad, why is the economy so good? Among high school seniors, Americans ranked 19th out of 21 in math skills. In science, Americans ranked 16th out of 21.

The main explanation of the paradox is that people don't learn only at school. If they did, America would be doomed. In isolation, test scores hardly count. What counts — for the economy, at least — is what people do at work. Do they fully use their skills? Do they develop new ones? Here, the U.S. economy performs better than most.

Going back to my pal at Newsweek, he's developed new skills through job shopping. He found something he does well and enjoys. Among the young, constant job changes often seem senseless and wasteful. In reality, people are usually searching for something that fits their interests and aptitudes.

On the job, people learn from supervisors, mentors, co-workers, customers and, most important, experience. Culturally, this is America's strong suit. Alexis de Tocqueville noted that "Americans are more addicted to practical than theoretical science." Everyone knows someone who was a lousy student and has done well, often brilliantly, at work.

Compared with European firms, American companies also have greater flexibility to get more from their workers. U.S. businesses have more freedom to set pay rates, hire and fire and alter work practices. The results are often described as unjust: For example, America tolerates huge wage gaps — much larger than in Europe — between high-paid and low-paid workers. To be sure,

Greater flexibility at work and at school makes the system work.

there are excesses. But mainly, the system succeeds. High wages reward the most productive workers; low wages enable those with few skills to get work.

Because work is learning, the capacity to create work is the capacity to cause learning. Here, too, the U.S. economy excels.

French students scored much higher in the international math and science tests than Americans. But in France, overregulation and high taxes stymie job creation. Only a fifth of those aged from 15 to 24 have jobs; in the United States, nearly 60 percent do. Which country does better by its young?

Finally, the economy defies low test scores for two other reasons. First, we

overstate the need for advanced science and math skills. The Educational Testing Service recently did a study that defined "elite" jobs. These were roughly the top-paying 28 percent of jobs. Most were general managers. They needed math — but not calculus. In 1996, the United States had 1.5 million computer scientists, engineers and programmers, 1.4 million other engineers, 1 million accountants, 800,000 business financial officers, and 400,000 other scientists (physicists, chemists, etc.). These occupations and a few others defined the population that needs advanced math or science. In a work force of 132 million, the total is about 4 percent.

Second, low science and math scores don't mean that all U.S. workplace

If American students are so bad, why is the economy so good?

skills are poor. The Organization for Economic Cooperation and Development has surveyed adult literacy in 12 advanced countries. Americans finish in the middle. The United States has more superior and more very bad readers than most. These skills reflect both what people learn on the job and higher U.S. college attendance. In 1995, the college-going rate for those aged from 15 to 39 was 32 percent in the United States, 33 percent in France and 27 percent in Germany. The American system encourages higher education — it does not direct students onto rigid academic or vocational tracks, and it gives people second, third and fourth chances to go to college.

All this has caused some commentators to conclude that the international math and science tests are irrelevant. Howard Gardner of the Harvard Graduate School of Education (*IHT, March 5*) dismissed the tests because they measure the "lowest common denominator of facts and skills" and not whether "students can think scientifically or mathematically." This verdict is, of course, misleading. Most people can't think sensibly, let alone scientifically, if they don't master basic "facts and skills."

Schools are one foundation of the economy. If students leave with poor skills, there are consequences. One is waste. Giving people a third or fourth chance is expensive. Some people learn skills later that they could have learned earlier — and some skills are never learned.

One result is scattered scarcities of high-skilled workers; another is many low-skilled workers trapped in poverty or semi-permanent unemployment. And some unacquired skills, though unnecessary for jobs, are useful for life. They make us better citizens or parents; they deepen our understanding of the world. Just because the economy can overcome these failures does not mean that the failures are not real.

Low test scores may not be a calamity. But a cause for celebration? Or indifference? Hardly.

The Washington Post.



Wait till we come to a part where he says again that I could be facing very serious consequences.

An Incidental Player in the Clinton Drama Leaves the Stage

By Michael Kelly

WASHINGTON — For a while all that he had always dreamed of being, a figure of wonder and mystery.

This was when national reporters first began wandering about Arkansas trying to put together the puzzle that was the Whitewater real estate venture. Mr. McDougal was one of the few participants in Whitewater who would talk, and it became de rigueur to pay a call on the man in his chosen court, the Western Sizzlin steak house in Arkadelphia.

There, in a booth off the salad bar, Mr. McDougal lunched and lingered for two or three hours every day, and he would happily talk to anyone who dropped by.

I visited him one afternoon, and we drank sugary iced tea while he talked for three solid hours. He had very little of value to say about Whitewater, but a great deal to say about himself. Mr. McDougal had many interests — politics, money, women, fancy clothes, booze — but himself was his true passion. He saw Jim McDougal as the star of a great drama.

Poor man, he died a supporting player in someone else's vehicle, merely one in the case of thousands of the great national soap opera, *Days of Our Bill*.

When Bill Clinton and Jim McDougal were young men, and were both obvious comebs in Arkansas politics, Mr. McDougal conceived of an unfortunate idea: that he would become a sugar daddy, a bankroller and benefactor of the political class.

This was not an unreasonable am-

bition. Mr. McDougal knew that the absence of a real party structure in Arkansas had always meant that ambitious young politicians like Bill Clinton must depend on the kindness of sugar daddies to build their careers. And he knew how the game was played: If, for example, you owned a bank, you might help out a promising young politician with a friendly off-the-books loan or a stake in a friendly little land deal. So, Mr. McDougal got himself a bank.

Unfortunately, Mr. McDougal turned out to be a terribly incompetent sugar daddy. The scams he contrived more often than not failed. Worse, they were so clumsy that they were bound to be eventually found out. After this occurred in 1992, Mr. Clinton wound up with an independent counsel and Mr. McDougal wound up famous.

Lots indeed, and ever more. This

My Lucky Number Is 13

By Sichan Siv

WASHINGTON — Friday the 13th is normally associated with bad omens in the West. I found it curious when I arrived in America in 1976 as a refugee from Cambodia that 13 is considered an unlucky number, so unlucky.

MEANWHILE

that most buildings pretend not to have a 13th floor. And Friday the 13th is even worse.

But my life is full of lucky 13s.

For starters, my mother, Chea Ann, was born in 1913 on April 13, the day Cambodians celebrate the new year. In 1976, I began my escape from Khmer Rouge-controlled Cambodia on Friday, Feb. 13. Thirteen years later, on Feb. 13, 1989, I went to work at the White House as a deputy assistant to President George Bush.

During this 13-year period, I came across many 13s. I was awarded a master's degree from Columbia University on May 13, 1981. I was a guest of President Ronald Reagan and Vice President Bush on July 13, 1988, at a White House Rose Garden ceremony honoring people from captive nations.

The number 13 symbolizes good omens for the United States. The republic was founded by the original 13 colonies. Hence the 13 red and white stripes on the U.S. flag and the 13 olive leaves and stars on the seal of the United States of America. And the author of the Declaration of Independence, Thomas Jefferson, was born on April 13, 1743.

It's true that the Apollo 13 lunar

mission ran into trouble on Jefferson's birthday in 1970, and would have turned into a major space disaster if it were not for extraordinary teamwork. But "Apollo 13," the movie, was a great box office success.

While 7 is the lucky number for most people in the West, it is either 8 or 9 in Asia and the Pacific. The luckiest date for this century is considered Aug. 8, 1988, or 8888. It was the date when the largest number of Chinese were married. In Asia, many people would do anything to get license plate numbers or street addresses that add up to 9, or better yet, are all 9s.

Asian calendars indicate that life is divided into cycles of 12 years each, with each year represented by an animal. The most important birthday is the 60th, marking the end of the fifth life cycle.

Although there is no common unlucky number for Asians, 4 seems to be bad for many, especially those in Northeast Asia. In Japan, household items — chopsticks, teacups, dishes — usually come in a set of five to avoid the George Bush.

Even so, my other lucky number is 4: I arrived in America on June 4, 1976. My trans-Pacific life seems to put me on the opposite sides of the number game. That is why I usually celebrate the two most important dates of my life on (Feb. 13 and June) 4.

Happy Friday the 13th!

The writer, a consultant in Washington, contributed this comment to the International Herald Tribune.

LETTERS TO THE EDITOR**Israeli Policies**

Regarding "What Arafat Seeks Young Palestinians: Silly Propaganda" (Opinion, March 7), by Charles Krauthammer:

I agree with Mr. Krauthammer that it is neither wise nor moral to support the gassing of innocent people, Jews or otherwise.

But who does he think is responsible for the depressing situation that is prompting young Palestinians to encourage Saddam Hussein to strike Israel? It is not Yasser Arafat who has taught young Palestinians to hate Israel, but Prime Minister Benjamin Netanyahu and his arrogant allies.

As for Mr. Krauthammer's trage, that a Palestinian newspaper discussed the Jewish background of American cynics, Analysts agree the Jewish lobby has a significant impact on U.S. policy in the Middle East. Why else would the United States consistently veto UN resolutions concerning Israel over its repeated demands to stop settlements in the occupied territories?

What is most distressing is that Mr. Krauthammer noted that Israel had made significant withdrawals under the Oslo accords. The truth is that Israel has made only one of the three withdrawals that were supposed to have been made.

MOHAMAD AMIN, Kuwait.

The article "On a Jewish Hilltop, a Test of Israel's Soul" (March 2) was correct in saying that Arabs do not have the same land rights in Israel as Jews on property that has been purchased by Jews and designated for Jews.

That is because Zionism mains the "affirmative action" policy of the Jewish people.

Lands that are purchased by the Jewish Agency, the

Jewish National Fund or through the World Zionist Organization are financed by money raised from Jews for the express purpose of re-establishing Jewish life in Israel.

As Israel welcomes more Jews from nations around the earth who may arrive with little or no means, this affirmative action policy remains in force.

DAVID BEDEIN, Jerusalem.

Secret Meetings

A.M. Rosenthal's column on the closed-door meetings of the Security Council ("The UN Security Council's Dirty Little Secret," Opinion, March 7) seems to reflect a reporter's frustration with getting good stories rather than the more important issue of building a secure world community.

CHARLES BODWELL, Cambridge, England.

Italy and the Euro

Regarding "Hey, Germany, Cut Italy Some Slack" (Commentary, March 6), by Reginald Dale:

Are we sure that the Germans are as Mr. Dale says, "making a mountain out of a molehill" in noting Italy's shortcomings with regard to European monetary union?

As Mr. Dale notes, Italy has "a problem of sky-high public debt," but he fails to mention that Italy has done very little to reduce excessive structural costs. Without that, there is no possibility of absorbing the debt.

He is too optimistic when he says that Italy has "privatized and deregulated its economy and modernized health and pensions programs." Italy has barely started efforts to revamp those programs, and the Parliament does not take that into account.

To make such a suggestion appears to demonstrate naivete about diplomacy and the reality of the relationship between the Security Council and the press and public opinion.

Indeed, Italy still seems determined to overtax entrepreneurs and overprotect anyone who has a job.

PIETRO IMPERIA, Rome.

Soccer Tickets

Regarding "Cup Tickets Are Likely to Stay Scarce" (Sports, March 5):

It is an unfortunate cocktail of French arrogance and the international soccer federation's ignorance that is allowing 65 percent of the tickets for the World Cup to be sold in France. The 65 percent domestic sales rate may be sensible for a World Cup in America, where international travel costs are relatively high.

It is absurd that the same standard should be allowed to apply in a country at the center of soccer's rich history with a legion of foreign fans a two-hour drive away.

DAN McGANTY, Holmbury St. Mary, England.

Fleeing Big Brother

Regarding "Big Corporate Brother: It Knows More About You Than You Think" (March 9):

This article notes that individuals have no control over the information that is gathered on them and sold to others. But we do — if we follow these simple rules: Don't use credit cards; don't subscribe to magazines unless you are assured that your name remains inviolate; don't participate in polls, surveys, lotteries or other games; don't sign anything if you can help it; get an unlisted phone number.

My final rule should be: Don't write to newspapers. But I draw the line there.

W.J. ZUCKERMAN, Avignon, France.

Letters intended for publication should be addressed to "Letters to the Editor" and contain the writer's signature, name and full address. Letters should be brief and are subject to editing. We cannot be responsible for the return of unsolicited manuscripts.

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THE WORLD'S DAILY NEWSPAPER

In Thailand, Ancient Ways and Elephant Excursions



There are many elephant camps in northern Thailand where the pachyderms are trained to work in logging and farming operations; other targets of tourists are the markets such as this one in Chiang Mai.

All Aboard for a Rocky Ride At Pachyderm Graduate School

By Debra A. Klein

CHANG DAO, Thailand — Though the "Elephant Crossing" sign is posted prominently along Highway 107 in northern Thailand, the main entrance to the Chiang Dao Elephant Training Center is not. My husband, Brad, and I zoomed past it and onto a ceaseless stretch of hairpin curves. Fearing we'd end up in Burma, we braved a frightening three-point blind turnaround and steered our rented Jeep into a wide patch of dirt that, to our relief, delivered us to a shack selling tickets. The first show had already begun.

One of many working elephant camps in northern Thailand, the Chiang Dao Elephant Training Center is an hour and a half north of Chiang Mai. Guidebooks indicated that most visitors arrive by bus or private tour from Chiang Mai for the morning show, leaving the site virtually abandoned in the afternoons — a boon for independent travelers. So, on a steamy Saturday last May, we decided to brave the unyielding, drive-on-the-left Chiang Mai traffic for a chance at adventure outside the urban jungle.

Elephants have long enjoyed special status in Thailand, appearing in temples, art and architecture, and even on the former national flag. Their past wanderings helped determine the location of more than one important holy site in the kingdom. Yet their numbers are ever dwindling. One hundred years ago, more than 100,000 roamed Thailand freely. Today, fewer than 3,000 live in the national parks, while 4,000 log and farm the land. With full-scale logging operations in decline, trainers and their elephants on the outskirts of Bangkok reportedly make their living begging in the streets (walking under an elephant is considered good luck), but their rural relatives still earn money hauling wood, even if it's just for the benefit of tourists visiting the regimented training camps in the north.

SWINGING BRIDGE Just \$1 (42 baht to \$1) got us through the gate and onto a swinging bridge over the calm Ping River. We grabbed seats on one of many wood benches terraced into the hillside, and leaned forward to watch the show.

Much in the way students in public schools across a state learn the same curriculum, working elephants in northern Thailand are taught the same set of logging skills. It can take up to 20 years of training before an elephant is ready to haul logs in the forest.



Time for a cooling water break.

to discover the new, cosmopolitan Helsinki. Just bundle up and stay ambulatory.

The best place to begin your walk on the wild side is with a late repast at one of the new wave of exotic international restaurants. Try Farouge, an imaginative Lebanese eatery on Yrjönkatu, near the city center. A bistro offering such Finnish-Lebanese crossover dishes as *jasola bidzaat* (chicken with house beans, tomato sauce and Lebanese rice) and *trutta kiekkä* (tongue marinated in garlic and lemon), served atop a soothng carpet of classical Lebanese music, it has become a fast favorite of the local cognoscenti.

Another restaurant that has caught on is Pigeon, an elegant French restaurant several blocks away, on the corner of Yrjönkatu and Eerikinkatu. Pigeon's striking, biomorphic decor, which features all-encompassing blue-green lines painted on ceiling and floor, and a caterpillar-like hut leading to the downstairs, is the work of the hot, young Swedish-Finnish designer, Stefan Lindfors. The nouvelle bistro, which serves late, is also a good

place to spot local cultural heavyweights, like Steven Holl, the American architect who designed Kiasma — the ambitious new museum of contemporary art going up just around the corner from Mannerheimintie, the city's main drag — and Rauli Grünstein, the gallerizing photographer-publisher of the cutting edge magazine *Image*.

EAT ALL NIGHT The cuisine, which includes tasty items like *escargots à la maison*, and stuffed quail, is quite estimable.

Other nighthawks drop into Tony's Deli, on the ground floor of the Hotel Klaus Kurki on nearby Bulevardi, which serves fresh pasta and all manner of Finnish and Continental delicacies.

Indeed, one can hang out into the morning at the Klaus Kurki, or repair around the corner to the city's most happening street, Uudenmaankatu.

The buzz today is coming from no. 9. Bathed in purple neon, coated with mirrors and Stuprastistic art, and boasting a gleaming formica

bar right out of an American drugstore, this slinky bar-restaurant has become the new "it" place. Soda, a mirror image of no. 9, right across the street, is also quite popular after midnight.

The only thing one can't do on Uudenmaankatu is dance. For that one must seek out a proper nightclub. Not long ago, the question "Voitko suosella bivaavat yo kerros?" ("Can you recommend a good nightclub?") would have elicited laughter in this once very square city. Today you are referred to one of several serious nightclubs that have opened up around town.

One is the Tenth Floor, a poch, sprawling bar and disco on Pässikiven aukio that takes up an entire floor of one of Helsinki's largest office buildings and features a panoramic view of the downtown area and a hopping "Saturday Night Fever" dance floor.

Or you can head up Mannerheimintie to the Hotel Hesperia, a luxury hotel with a massive, Las Vegas-style ballroom in its basement, which

is packed with high-flying parties every Friday and Saturday evening.

On a recent winter's evening the Hesperia was the site of a massive, raucous affair thrown by City Magazine, Helsinki's equivalent of *Time Out*. The frenetic jamboree included a bevy of slightly amazified maidens serving shots of Jägermeister and a wacky, cabaret-type floor show.

There was an innocence about the bash, as well as an edginess, that reminded one of the party scenes in "Blow-Up," the 1967 Antonioni film about Swinging London. Like London in the '60s, Helsinki is coming into its own, after decades of hovering in a sort of twilight zone between East and West.

Were Brecht around, one suspects he might have a good time here, too.

Gordon F. Sander is an American journalist living in London who frequently visits Finland.

NIGHTLIFE

Helsinki Banishes Ennui and Emerges From the Twilight Zone

By Gordon F. Sander

HELSINKI — Once derided for its quietude by the visiting German playwright Bertolt Brecht as a city where people were "silent in two languages" (Finnish and Swedish), the capital of Finland has been loosening up giddily since the welcome demise seven years ago of the Soviet Union.

The "Europeanization" of Helsinki has moved at an even faster pace since the Finns threw in their lot with the European Union in 1995, soldering their cultural — and culinary — ties with the Continent.

Perhaps the most obvious result, and the happiest from the standpoint of the wayfaring nighthawk, is a veritable profusion of late-serving cafés, bars and restaurants. And because virtually everything in this compact city of 500,000 on the Baltic is within walking distance, the cold winter weather need not be a deterrent. In fact, winter can be the hippest time

THE FREQUENT TRAVELER

GOOD TRAVEL DEALS

A Friendly Voice on the Road

By Roger Collis
International Herald Tribune

ROAD warriors of the millennium are slaves to progress. In flight phones and faxes, laptop computers that pack the punch of desk-top PCs, e-mail, voice-mail and the new generation of digital mobiles enable (and compel) you to catch up with office work and keep in touch with anywhere in the world at any time. And, more ominously, for anyone to keep in touch with you. There's no excuse these days for not being totally wired.

Stunning advances in speech-recognition technology now allow travelers to dictate documents, such as faxes and e-mail into a laptop computer at twice the speed of the average professional typist and to have e-mail and fax messages read back to them. All you need is a microphone/speaker and some inexpensive software. Should you find yourself without your laptop, or a friendly neighborhood PC, you can do much the same thing from any touch-tone phone. You just call a personal 800 number from anywhere in the world to have e-mail, faxes, or travel information, such as airline schedules, read to you with voice or touch-tone key commands. You can respond to, say, a fax, with an e-mail or voice-mail message, or edit and redistribute faxes and voice messages as e-mail.

Talking to a computer, either direct or on the phone, is the ultimate user-friendly interface with your personal cyberspace secretary. No need to type or click with a mouse, just speak to your PC to open files, send e-mail, format text or surf the net.

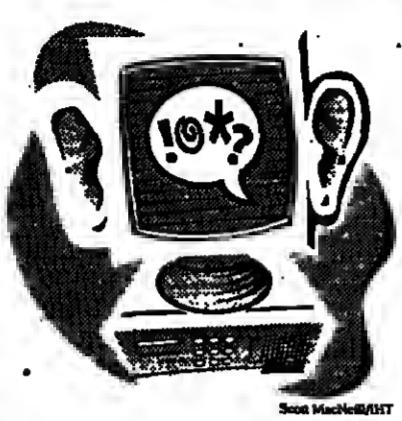
Premiere Technologies Inc. in Atlanta offers a product called Orchestrate that allows you to receive and redirect messages between one medium and another through a laptop via the Internet or by telephone. You sign up for an e-mail address — your own home page — with a 10-digit access number and 4-digit PIN on the Orchestrate Web site at www.orchestrate.net plus an 800 number that you can call from anywhere in the world to do much the same thing via voice prompts.

STEVE Walden, vice president for Internet strategy at Premiere Technologies, says: "Your personal 800 number virtually makes the telephone and the computer interchangeable, so as long as you have access to the Internet, you can go to your personal Web page and check your voice-mail, your e-mail and faxes either through the screen or by voice through the telephone.

"But let's say I just have a phone — I'm changing planes in London. You dial your personal 800 number and a

voice says, 'Good afternoon, Roger. Would you like to hear your messages?' It will play your voice-mail, read your e-mail or faxes and then it will give you options, through a series of voice-prompts, to which you respond by hitting numbers on the telephone key-pad. such as, Do you want to forward this? Do you want to respond to this? The voice will take you down a decision-tree: You have six e-mails, two voice messages, 12 faxes, which would you like to listen to? You can decide what messages you want to listen to, store for later or delete. You can also direct a fax or e-mail to a fax machine near you if you want it on paper. And on the Internet version, you can attach a voice message to an e-mail. You can go quickly through a list of 25 e-mail headings and decide what you do or don't want to hear.

There are two levels of voices: A



Scot MacNeill/HT

prerecorded voice with the 25 to 30 prompts that are needed to take you through the menu; and a digitized voice that recognizes texts and translates them into speech. The next stage will be a real voice recognition where you won't need to give a password."

David Dingley, a travel and transportation specialist at IBM in London, says: "You have to make a distinction between a machine understanding your dictation and turning your words into text, and a machine understanding the meaning of everything you say and replying to you — an open-ended conversation. That is a huge challenge and I'm not aware of anyone having got near that yet. What we do have is software that will understand and act on relatively simple commands in what you might call a bounded context, such as travel or emergency medicine."

PureVoice, offered by Qualcomm Inc. in San Diego, a company that develops wireless communications systems and Internet messaging products, provides enhanced voice quality on the Web.

"PureVoice produces a very clear reproduction of your voice in a digital

format with high compression, which means a smaller file and fast transmission," says Arnold Gurn, product manager for PureVoice. "That format is something that you could e-mail, use a program over the Internet. PureVoice enables you to add voice attachments to your e-mail. A lot of people like to hear a message in a natural voice; it's more personal, and it allows you to communicate more information faster than a typed text. People say, We love sending e-mail, but we don't type. So you add a PureVoice message to your e-mail message."

FLIGHT INQUIRY SYSTEM

"The next step toward voice recognition is, will this thing understand what your words mean and interpret a relatively complex command?" Dingley said. "We recently gave a demonstration of a flight inquiry system to IATA. 'Show me flights from London to New York,' we said, in the way a normal person would phrase it. And the system read back the flight times. We had all sorts of people asking it about flights any way they chose, and it was giving the right answers most of the time. You could certainly do that over the phone. The next layer up, if you like, would be slightly more complex spoken commands and turning them in effect into a transaction against some system behind it. You've got to take the spoken word and parse it into something simple and structured so that the system understands it in the same way as human operators.

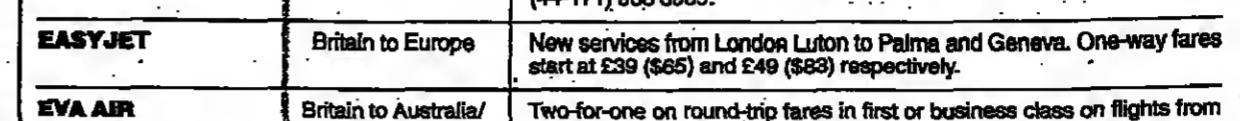
There are other devices that you can talk to and they'll do things for you. For example, if you ring up our lab in Hawthorne, you can say, 'Connect me to Sally,' and it does. It's like the flight inquiries thing, a bounded context. Another approach is when I speak to this thing, can it identify me as Dave Dingley with enough accuracy for it to be a secure device? In other words, whenever I speak to it, whether I've got a cold or a hangover, it will know it's me. There are rumors that some military establishments are capable of doing that. But we're talking serious computer power.

"One use for voice recognition is in customer service. Right now we're running an exercise with a major airline. Imagine a situation at check-in with agents walking around without a keyboard and the need to interact with the computer and the customer at the same time. They could be wearing one of these tiny microphones, so when they say, 'Good morning Mr. Dingley,' to the customer, they would get a voice whispering back in their ear from the computer, which had looked up Dingley, saying something like, 'Dingley, flight 123, difficult customer, look after him.'"

"But let's say I just have a phone — I'm changing planes in London. You dial your personal 800 number and a

voice says, 'Good afternoon, Roger. Would you like to hear your messages?' It will play your voice-mail, read your e-mail or faxes and then it will give you options, through a series of voice-prompts, to which you respond by hitting numbers on the telephone key-pad. such as, Do you want to forward this? Do you want to respond to this? The voice will take you down a decision-tree: You have six e-mails, two voice messages, 12 faxes, which would you like to listen to? You can decide what messages you want to listen to, store for later or delete. You can also direct a fax or e-mail to a fax machine near you if you want it on paper. And on the Internet version, you can attach a voice message to an e-mail. You can go quickly through a list of 25 e-mail headings and decide what you do or don't want to hear.

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NYSE

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100	99	100	0.00	10.00	100	100	0.00	0.00
101	100	101	0.00	10.00	101	101	0.00	0.00
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112	111	112	0.00	10.00	112	112	0.00	0.00
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184	183	184	0.00	10.00	184	184	0.00	0.00
185	184	185	0.00	10.00	185	185	0.00	0.00
186	185	186	0.00	10.00	186	186	0.00	0.00
187	186	187	0.00	10.00	187	187	0.00	0.00
188	187	188	0.00	10.00	188	188	0.00	

FRIDAY, MARCH 13, 1998

PAGE 15

Japan Rail Chiefs Take Stand for Shareholders

Executives Resist Tokyo's Demand for Funds

By Stephanie Strom
New York Times Service

TOKYO — Never in his wildest dreams did Masatake Matsuda imagine he would tell the prime minister no.

Formerly a top-ranking bureaucrat at the Ministry of Transportation, Mr. Matsuda is well versed in the painstaking consensus-building process that banishes "no" from the lexicon of Japanese business and politics.

But Mr. Matsuda, now president of East Japan Railway Co., uttered the forbidden word to Prime Minister Ryutaro Hashimoto last month, and so did the heads of the six other railway companies that were formed when the national rail system was privatized more than a decade ago.

Mr. Hashimoto was trying to persuade the seven executives to absorb an additional \$2.85 billion in unfunded pension liabilities that had come to light after the privatization.

"He pleaded with us to rethink our stance, but we rejected his plea right there in front of him," Mr. Matsuda said, obviously still somewhat awed.

Even more astounding, the railroad chiefs risked offending the prime minister for a cause regarded as heretical by the Japanese establishment — their shareholders' rights.

With Mr. Matsuda as ringleader, the seven executives contend that Tokyo is trying to change the terms under which shareholders bought their stock after the privatization. The showdown highlights the growing conflict between the broad social obligations that Japanese companies have shouldered since World War II and their newfound need to attract foreign investors, who think

their interests should take priority.

"This whole debate shows a shocking ignorance of the rights of shareholders by government officials and politicians," said Clifford Shaw, president of Mercury Asset Management Japan Ltd., which owns shares in East Japan Railway, known here as JR East.

"Such little regard for honoring previous commitments is really disheartening."

The government's effort to squeeze a billion dollars more from the railroads — contained in a bill before Parliament that is expected to pass — has cast a pall over its plan to sell a second slice of stock in three of the companies for an originally projected \$7.8 billion. But the economic impact could be much more damaging than critics warn.

They say the arm-twisting could undermine what little faith investors have in the government's stated intention to stop interfering so much in the workings of the private sector. Such diminished faith could curb the market's appetite for future privatizations, which the government badly needs to raise money to close a yawning budget deficit and shore up the rickety financial system.

"If the government decides to ignore market principles in this way," Naoko Matsumoto, a transport analyst at Merrill Lynch & Co., wrote in a report, "we believe the impact will spread far beyond merely devaluing the companies' shares. We believe it will change the entire perception of the Japanese market."

Now that Japan has ever been mistaken for a land of swashbuckling capitalists. In the United States these days, and to a lesser extent in Europe, shareholders are treated as a company's ul-



Masatake Matsuda, chief of East Japan Railway, standing before one of newest bullet trains in Tokyo station.

imate masters. In Japan, by contrast, the welfare of the employees and the designs of management hold sway.

Moreover, some 70 percent of the shares of the average company are held by friendly affiliate companies to create a web of long-term cross-holdings that become a reliable rubber stamp for management. The system is slowly breaking down, but until recently cross-shareholdings were so durable that the Japanese referred to them as *shizutae*, or pickled.

Legal reforms passed in 1993 made it easier for individual shareholders to sue companies, and the number of cases has more than doubled since then.

But the Keidanren, the powerful big-

business association, is lobbying to limit such suits once again.

"There is no real market control of management of corporations here," said Koji Morioka, a professor at Kansei University and the head of Shareholder Ombudsman, a shareholders advocacy group.

That is why Mr. Matsuda's crusade is so remarkable, although he does not see it that way.

"As president of this company, which is a public company and has to observe market rules," he said, "I can't just decide to violate the shareholders' rights in order to give charity to the government."

Indeed, to Japanese shareholders'

ears, Mr. Matsuda sounds almost too good to be true. When other Japanese executives argue on behalf of shareholders' rights, it is usually more a matter of convenience than conviction.

But the fact that Mr. Matsuda and his fellow executives did agree to pay what they regarded as a fair portion of the pension shortage suggests they are not simply trying to avoid additional debt.

"Mr. Matsuda is rather unique among Japanese business executives, but I think he's sincere in what he's saying," said Naoko Hashimoto of Nomura Securities Co., who specializes in the railroads' privatization.

See RAILWAY, Page 19

Paris Rejects EU Plan for Trade Pact

France Will Veto Accord With U.S., Chirac Says

Compiled by Our Staff From Dispatches

LONDON — President Jacques Chirac of France firmly rejected Thursday a European Union plan for a broad-ranging free-trade pact with the United States, arguing the accord would threaten French interests.

"This is a decision which in principle must be taken by unanimity, and we thus have a right of veto," Mr. Chirac said after a conference in London on enlargement of the EU. "We would not hesitate to invoke our country's vital interests."

The European Commission, meeting in Strasbourg, unanimously approved the proposal by Sir Leon Brittan, the EU trade commissioner, to open negotiations with the United States on a "new trans-Atlantic marketplace," saying it would smash remaining barriers and, in five years, add as much as 150 billion Ecu (\$162-billion) a year to EU gross domestic product.

The package of measures must be approved by the group's member nations.

Mr. Chirac's comments echoed those of his prime minister, Lionel Jospin, who told a political rally late Wednesday in Toulouse that Paris had not been consulted about the initiative and preferred that any commercial disputes be settled through multilateral channels, such as the World Trade Organization.

He said Sir Leon's initiative would result in American attempts to encroach on European positions in the audiovisual, communications, agricultural and intellectual creation fields.

Mr. Jospin said he and Mr. Chirac had told Prime Minister Tony Blair of Britain that France would "oppose the implementation of such a process."

In Brussels, Sir Leon's spokesman, Nigel Gardner, said Mr. Jospin's claim that Paris had not been consulted about the proposal was "untrue."

"This was a communication that has gone through intense consultation, including political orientation debate last week in the commission," Mr. Gardner said.

Foreign Minister Klaus Kinkel of Germany, in a statement issued Thursday in Bonn, hailed the initiative, saying it came "at the right time, especially now, when Germany and Europe urgently need more economic growth and employment."

In London, the Department of Trade and Industry welcomed the proposal and said Britain, as current EU president, would "do everything to support the Commission to take this forward."

The proposal calls for the elimination of all industrial tariffs between the EU's 15 member nations and the United States by the year 2010, as well as the creation of a free-trade area in services and the further easing of barriers to investment and government purchases of goods and services.

(AP, Bloomberg, Reuters)

Web Gossip Gets a Day In Court

Matt Drudge Dishes Dirt As He Fights Libel Suit

By Francis X. Clines
New York Times Service

WASHINGTON — The first question in the air as Matt Drudge, cyber-gossip extraordinaire, sidled up to the pack of news workers camped endlessly outside the federal courthouse Wednesday was whether Mr. Drudge even belonged in their midst.

"Are you a reporter?" a news reporter shouted at Mr. Drudge, demanding the bona fides of a man variously cited as somewhere between fame and infamy for regularly muckraking rumor, gossip and facts into an internet mélange that, among other effects, helped propel the Monica Lewinsky sex-and-mendacity investigation to the fore.

"Do you check sources?" boomed an edgy questioner from the group of reporters outside the courthouse as Mr. Drudge, just in from the small Hollywood apartment where he composes into the night as a one-man phenomenon, took to the microphone cluster to reply to the credentialed pack who wait there daily because of the Lewinsky inquiry and its rare scraps of fresh information.

Reporters laughed unsympathetically when a squirrel darted into Mr. Drudge's photo opportunity as he firmly defended his professionalism and insisted he was one of them.

"I'm a working reporter who has written thousands of stories and driven dozens of news cycles," Mr. Drudge shot back with a tight-eyed glare. "I check all my sources."

The exchange was precisely to the point of Mr. Drudge's courthouse visit, for even as the Lewinsky matter was being pursued in private before a grand



Mr. Drudge answering questions in Washington after his court hearing.

jury, Mr. Drudge was arriving to defend himself in a \$30 million libel suit brought by Sidney Blumenthal, a ranking strategist to President Bill Clinton and no free-speech stranger himself in the courthouse's separate Lewinsky inquiry.

"At worst, it was an accurate report of an inaccurate rumor," Mr. Drudge declared of his report last year, an exclusive built of false and nasty accusations that Mr. Blumenthal had a history of spousal abuse.

A full Drudge retraction soon followed.

But Mr. Blumenthal sued in a

sixth-floor courtroom to seek emphatic damages from Mr. Drudge and his Web patron, America Online Inc.

"I love not knowing where any of this is going," Mr. Drudge suddenly exclaims.

See DRUDGE, Page 19

CURRENCY & INTEREST RATES

Cross Rates

Per \$1

Per £1

Per €1

Per 100 Yen

Per 100 Francs

Per 100 Lira

Per 100 Drachma

Per 100 Peseta

Per 100 Peso

Per 100 Lira

Per 100 Peso

Per 100 Lira

THE AMERICAS



Dollar Stumbles Amid Rumors of Central-Bank Sales

Compiled by Our Staff From Dispatches

NEW YORK — The dollar was lower against other major European currencies on Thursday and fell against the yen amid rumors of central-bank intervention.

The dollar was quoted at 4 P.M. at 129.235 yen, down from 129.375

FOREIGN EXCHANGE

Wednesday. It declined to 1.8281 Deutsche marks from 1.8316.

The dollar also firmed 6.1280 French francs, down from 6.1410 francs, and 1.4858 Swiss francs, down from 1.4902. The pound rose to \$1.6578 from \$1.6485.

The yen was under pressure as the Bank of Japan's governor, Yasuo Matsushita, indicated he intended to resign after the first bribery arrest in the central bank's history. The suicide of a Japanese Finance Ministry official tied to a corruption inquiry also weighed on the yen.

The unfolding scandals could have moved the dollar higher against the yen, said Chris Igoe, an economist at Barclays Capital, but rumors of intervention to support the Japanese currency at 130 yen, stemmed the U.S. currency's rise.

Japanese exporters also had incentive to sell yen overseas and repatriate the proceeds to plump their accounts before the end of the Japanese fiscal year March 31.

Traders said news of a 0.5 percent rise in February U.S. retail sales and a 6 percent widening of the fourth-quarter 1997 U.S. current-account deficit to \$45.6 billion from the third quarter had little impact on the dollar.

(*AFP, Market News*)

Stocks Slip on Profit-Taking and Asia Fears

Compiled by Our Staff From Dispatches

NEW YORK — Stocks were mixed Thursday, with blue-chip issues slightly off but broader market indexes higher as investors locked in some profits after two days of record highs.

The Dow Jones industrial average closed down 16.19 points at 8,659.56, recovering from a 64-point drop. Declining issues outnumbered advancers by a 14-to-13 ratio on the New York Stock Exchange.

The Standard & Poor's 500-stock index closed up 1.48 points at a record 1,069.91, after closing at record highs on Tuesday and Wednesday.

The technology-heavy Nasdaq composite index closed up 7.19 points at 1,764.04.

The inflation-sensitive bond market

posted its biggest gain in a month amid expectations a government report Friday on producer prices will show little or no inflation. The benchmark 30-year U.S. Treasury bond rose 1 1/32 points to 103 20/32, driving its yield down to 5.87

U.S. STOCKS

percent, the lowest since Feb. 20, from 5.94 percent.

Bonds rose despite positive news Thursday on the economy, which could have aggravated fears that interest rates will rise as a strong job market forces employers to raise wages and prices.

"We think rates have quite a ways to go to the downside," said Patrick Retzer, who helps manage

\$4.2 billion at Heartland Advisors Inc. in Milwaukee. "The inflation news will continue to be very friendly and the economy, if anything, will slow up a bit."

PepsiCo was the most active Big Board stock, rising as investors bet that the company's new line of fat-free snacks would plump profits.

Stocks were weighed down by renewed concern that the continuing economic slump in Asia will hurt earnings of U.S. companies. Computer-related shares such as Microsoft rose, while consumer-products companies such as Procter & Gamble fell.

"Our domestic economy is pretty healthy, which is the good side of the coin, but we're definitely a global economy and some of our companies

have exposure to the Far East," said Judith Jones, a money manager at Key Asset Management. "Our stock market has just been grinding out great returns every day, but earnings expectations are still slowing."

Seeking companies that are insulated from Asia's economic decline, Ms. Jones said she was buying electric and gas utility companies that pay high dividends and provide a steady return. She also said she was buying Alcoa because she said its acquisition of Alumex, announced Monday, would help it consolidate and cut costs.

Technology stocks rose despite expectations that Oracle and National Semiconductor were expected to report earnings after the market closed. Profit warnings from industry bellwethers such as Intel and Compaq depressed the market last week.

"I don't think we have that robust of an environment for equities that will support 20 percent gains every quarter this year," said James Carroll, a money manager for Loomis, Sayles & Co. Merck, for example, is up 21 percent this year. "That's a pretty dramatic move for the first quarter," Mr. Carroll said. The drugmaker was lower Thursday.

Philip Morris shares dropped after two Minnesota health-maintenance organizations sued U.S. cigarette companies to recover the costs of treating smokers.

Dayton Hudson shares rose after the retailer announced a 2-for-1 stock split payable April 30 to shareholders of record as of April 10.

Fisher Scientific International

shares continued their three-day climb after the laboratory-supply company declared an unusual 5-for-1 common stock split for shareholders of record on March 19.

(*AP, Bloomberg*)

U.S. Weighs New Tack in Microsoft Case

Bloomberg News

WASHINGTON — The U.S. Justice Department is considering seeking a court order forcing Microsoft Corp. to release two versions of its Windows 98 computer operating system — one with the company's Internet browser and one without — rather than trying to block the product's release, a person familiar with the government's investigation of Microsoft said Thursday.

That course is among a number of actions being considered by federal antitrust authorities, the source said.

A Justice Department spokesman said no decision had been made about whether to file another anti-trust case against Microsoft, what that case might be and what remedy might be

sought. Microsoft spokesmen were not available for comment.

The Justice Department has been amassing evidence as it decides whether to bring a broader antitrust suit against the software giant.

Last week, the Microsoft chairman, Bill Gates, said Windows 98, the successor to Windows 95 system, would be released on schedule by midyear, signaling to regulators that their antitrust investigation would not interfere with his product strategy.

More than 90 percent of the world's new personal computers run on Windows 95. The Justice Department filed an antitrust suit against Microsoft in October, accusing it of violating an earlier antitrust settlement by requiring computer makers to accept Microsoft's

Internet Explorer browser as a condition for obtaining Windows 95.

In that suit, antitrust enforcers alleged that Internet Explorer and Windows 95 were two separate products that Microsoft was illegally bundling to extend its operating system monopoly into the Internet browser market.

Requiring two versions of Windows 98 would not be all that different from what the Justice Department won in a January agreement that settled a possible contempt-of-court charge. Microsoft agreed to let computer makers use Windows 95's "add/remove" feature to remove the most visible parts of Internet Explorer from the desktop.

Microsoft shares closed up \$1.1875 at \$81.875.

Chief of Big Israeli Holding Resigns

AVIV — The chief executive officer of Koor Industries Ltd., Amnon Gaon, resigned Thursday, as the way for a change of leadership at Israel's largest holding company.

Avi Kolber, vice chairman and chief executive of Claris Israel Ltd., Koor's largest shareholder, is to succeed Mr. Gaon. His resignation becomes effective July 1. Mr. Gaon will serve as "special adviser" to the company until Dec. 31.

ORLD STOCK MARKET

Sunday, March 12

Stocks in Most Countries

Technologies

High Low Close Price

Stocks

Stocks</b

d Asia Fear

BA's Air Liberte Unit To Face Off Air France

Bloomberg News

PARIS — Air Liberte, one year after British Airways bought the bankrupt airline and merged it with TAT, plans to challenge the national carrier Air France in its home turf, Europe's biggest passenger market.

The carrier has dropped unprofitable routes to Canada, Africa and Asia and is now focusing solely on the French market where it sees there is an "enormous opportunity," its chief executive, Marc Rochet, said.

The airline plans to shift its focus to attracting business passengers in the fall, introducing a new business class with reconfigured planes, improving punctuality and joining BA's frequent-flyer program.

BA has been eager to crack the market in France, where 23 million passengers fly each year, compared with 17 million in Spain and about 14 million in Germany and Britain. While air carriers have piled into Europe's aviation markets since their April 1 deregulation, few carriers have dared to challenge Air France's stranglehold on its home market.

"Passengers don't want a monopoly," Mr. Rochet said, citing an Air Liberte poll that showed 75 percent of French people complained of "insufficient choice" among competitors within France. The airline polled 2,600 people for a survey that it conducted in the summer.

Air France is the biggest operator within the French market; Air Liberte is No. 2, followed by about half a dozen smaller carriers, including AOM and Regional Airlines.

Last year, TAT and Air Liberte's combined losses totaled 1.5 billion

French francs (\$244 million) on revenue of 3 billion francs, said Mr. Rochet, adding that he hoped to halve that loss this year and further reduce it by half in 1999.

Mr. Rochet reiterated that the airline would not turn a profit until the financial year ending March 31, 2000. While the airline has cut costs and merged the operations of TAT — which has been a subsidiary of BA since 1992 — and Air Liberte, it took time to turn a profit, Mr. Rochet said.

In challenge Air France, Mr. Rochet said the airline would offer promotions, improve punctuality, and join BA's "executive club" frequent-flyer program.

Air France relies on its internal market to feed its long-haul operations across the Atlantic and into Asia.

Mr. Rochet signed an agreement with AMR Corp.'s American Airlines last fall for code-sharing, which allows an airline to market another carrier's flights as its own.

Also Thursday, the chairman of Air France and Continental Airlines

said they remained committed to a commercial agreement even though the American carrier had signed a separate agreement with Northwest Airlines of the United States.

"Continental remains as committed to Air France as ever," Continental's chairman, Gordon Bethune, said at a joint press conference in Paris. "Even after our reaching an agreement with Northwest, we remain committed to being a partner of Air France for the years to come." Air France and Continental signed their agreement in October 1996.



Gordon Bethune, left, the president of Continental Airlines, with Jean-Cyril Spinetta, his Air France counterpart, on Thursday.

Mannesmann to Offer Shares

Compiled by Our Staff From Dispatches

DUSSELDORF — Mannesmann AG said Thursday it planned to sell shares to raise 3 billion Deutsche marks (\$1.64 billion) in order to help expand its phone business in Europe.

Analysts said Mannesmann's need for cash was understandable, as the company has become the leading private competitor to the former government telecommunications monopoly, Deutsche Telekom AG, since the market was opened in Jan. 1.

Mannesmann also said it planned further investments in engineering and automotive operations.

Telecommunications provided roughly 90 percent of Mannesmann's net profit of 600 million DM in 1997.

The company's Mannesmann Eurokom unit is already active in

France, with a 15 percent stake in Cegetel, and in Italy with a stake in Olivetti SpA's Infostrada SpA and Omnitel. It also has smaller holdings in Spain and Japan.

In Germany, Mannesmann Arcor competes against Deutsche Telekom for traditional, non-mobile phone customers, while Mannesmann Mobilfunk keeps a small lead over Telekom as the largest mobile-phone network operator.

The share-sale announcement came on the heels of similar plans by Volkswagen AG, Daimler-Benz AG and Allianz AG, fueling concern that some of Germany's largest companies may flood the market with new shares as they seek to take advantage of recent surges in the prices of their stocks.

Mannesmann shares closed Thursday in Frankfurt at 1,263 DM, up 40. (Reuters, Bloomberg)

Hoechst Braces For Flat Profit Amid Asia Crisis

Compiled by Our Staff From Dispatches

FRANKFURT — Hoechst AG, a German chemicals group, warned Thursday that it did not expect profit to increase this year, partly because of the Asian financial crisis.

Hoechst, which has seen business slow during the first two months, faces a difficult year and foresees operating profit at "the same level as last year," said Juergen Dommann, the chairman.

Mr. Dommann said 1998 sales would drop to 45 billion Deutsche marks (\$2.45 billion) from \$2.1 billion in 1997 as Hoechst sold off industrial chemicals businesses as part of its radical restructuring program.

The company plans to focus on growing markets, such as pharmaceuticals, fertilizers, herbicides and immunizations, in its bid to be a pure life sciences group by 2000.

"The situation in Southeast Asia has had little impact on our business so far," Mr. Dommann said. "Nevertheless, the crisis must be taken seriously." In 1997, Asian markets accounted for 12 percent of sales.

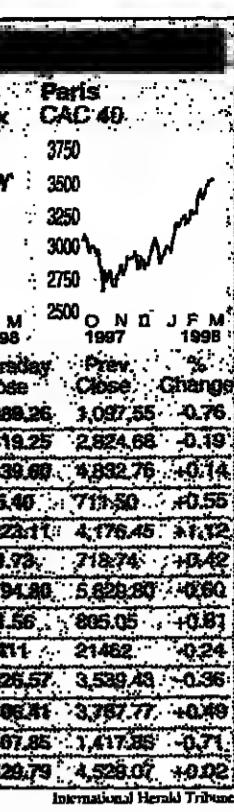
Last month, Hoechst reported an operating profit of 3.65 billion DM for last year, down from 4.01 billion DM in 1996.

In addition to the Asian crisis, an expected price decline for petrochemical products will be a problem for Hoechst, Mr. Dommann said.

Hoechst's drug unit, Hoechst Marion Rousell, said Wednesday its net income dropped 19 percent, to 558 million DM, after sales of the allergy drug Seldane plunged amid warnings from the U.S. Food and Drug Administration.

(AP, Reuters, Bloomberg)

Investor's Europe			
Frankfurt	London	Paris	
DAX	FTSE 100 Index	CAC 40	
5000	6000	3750	
4700	5750	3500	
4100	5500	3250	
3800	5000	3000	
3500	4750	2750	
3300	4700	2500	
3100	4700	2300	
2900	4700	2100	
2700	4700	2000	
2500	4700	1900	
2300	4700	1800	
2100	4700	1700	
1900	4700	1600	
1700	4700	1500	
1500	4700	1400	
1300	4700	1300	
1100	4700	1200	
900	4700	1100	
700	4700	1000	
500	4700	900	
300	4700	800	
100	4700	700	
0	4700	600	
Exchanges	Index	Thursday	Prev. %
Amsterdam	AEX	1,088.26	+0.97 -0.76
Brussels	BEL 20	2,819.25	+2.92 -0.19
Frankfurt	DAX	4,330.00	+4.92 -0.14
Copenhagen	Stock Market	715.40	+7.11 -0.55
Helsinki	HEX General	4,222.11	+4.76 -0.12
Oslo	OSE	721.73	+7.19 -0.42
London	FTSE 100	5,794.20	+5.22 -0.60
Madrid	Stock Exchange	811.56	+8.05 -0.83
Milan	MIBEX	2,431.1	+2.48 -0.24
Taipei	CAC 40	3,225.00	+3.43 -0.36
Stockholm	SX 18	3,008.84	+3.77 -0.09
Vienna	ATX	1,467.85	+1.13 -0.71
Zurich	SWI	4,529.79	+4.28 -0.02



International Herald Tribune

Very briefly:

• West European new-car registrations rose 9.2 percent to 1,135,200 cars in February from a year earlier, as every market except Denmark and Luxembourg recorded gains, the European Automobile Manufacturers Association said.

• German retail sales rose a seasonally adjusted 3.8 percent in January from December, according to the Bundesbank. The rise was in line with expectations that consumers are buying more before the value-added tax increases 1 percentage point in 16 percent in April.

• Societe Bic SA's 1997 net profit rose 17 percent to 800 million French francs (\$129.9 million) from a year earlier as sales at the French maker of pens and lighters climbed 18 percent to 7.5 billion francs.

• French employment rose 0.5 percent in the fourth quarter from the third as service-related jobs swelled and industry stopped cutting jobs, in what the Labor Ministry said provided evidence that France had turned the corner in its fight against unemployment. Service jobs rose a quarterly 0.9 percent and gained 2.5 percent from a year earlier.

• All-Media-Typen AG of Switzerland is suing Reuters Group PLC for copyright infringement, claiming the British news organization made unauthorized copies of software and misled the company about it. Reuters denied the charges.

• Russia's long-awaited 1998 budget cleared the final parliamentary hurdle Thursday, allowing the government to slash spending if tax receipts fall short. The approved text provides for a deficit of 132.4 billion rubles (\$21.8 billion), or 4.7 percent of gross domestic product, with expenditure of 499.9 billion rubles.

• Amalga Gold Mining & Exploration Co., whose shares were suspended from the Johannesburg Stock Exchange last week, is in liquidation, amid total outstanding debts of 8.2 million rand (\$1.6 million). AFP, AFX, AP, Bloomberg, Reuters

Chief of Big Israeli Holding Firm Quits

Bloomberg News

TEL AVIV — The chief executive officer of Koor Industries Ltd., Benjamin Gaon, resigned Thursday, clearing the way for a change of focus for Israel's largest holding company.

Jonathan Kolber, vice chairman of Koor and chief executive of Claridge Israel Ltd., Koor's largest shareholder, is to succeed Mr. Gaon when the resignation becomes effective July 1. Mr. Gaon will serve as a "special adviser" to the company until Dec. 31.

SGS-Thomson Halves Chips for Navigation

Bloomberg News

PARIS — SGS-Thomson Microelectronics NV said Thursday it has halved the number of chips needed for satellite navigation systems that help car drivers track their location on electronic maps.

The French-Italian semiconductor maker said the two-chip product for Global Positioning by Satellite, or GPS, systems will allow clients to cut costs and save space.

man and chief executive.

Renault last year embarked on a three-year program to slash costs by 20 billion francs in an attempt to shake off the 1996 loss, its first in a decade. Key to the plan was its decision to close its plant in Vilvoorde, Belgium, cutting 3,100 jobs.

Capital gains and tax credits boosted the 1997 bottom line by a combined 2.9 billion francs, while the company took a 1.54 billion franc charge to cover job losses in France and Spain, as well as cost-reduction plans at its truck unit.

Cost Cuts Help Renault Return to Profit

Bloomberg News

PARIS — Renault SA, France's second-largest carmaker, returned to profit last year as successful new models and foreign gains helped offset troubles at home.

The company earned 5.43 billion French francs (\$881.8 million) in 1997, rebounding from a 1996 loss of 5.25 billion francs. The company said it would pay a dividend of 3.5 francs a share.

"We expect a vigorous increase in operating income this year," said Louis Schweitzer, Renault's chairman and chief executive.

WORLD STOCK MARKETS

Thursday, March 12

Prices in local currencies.

High Low Close Prev.

Amsterdam AEX Index: 1069.26

Previous: 1067.74

High Low Close Prev.

London

Previous: 2,074.00

High Low Close Prev.

Paris

Previous: 1,888.54

High Low Close Prev.

Stockholm

Previous: 2,221.25

High Low Close Prev.

Vienna

Previous: 1,947.85

High Low Close Prev.

Zurich

Previous: 2,049.00

High Low Close Prev.

Tokyo

Previous: 1,947.85

High Low Close Prev.

Sydney

Previous: 2,714.80

High Low Close Prev.

Taipei

Previous: 1,952.55

High Low Close Prev.

Milan

Previous: 1,888.54

High Low Close Prev.

Sao Paulo

Previous: 1,952.55

High Low Close Prev.

Mexico

Previous: 1,888.54

ASIA/PACIFIC

China Finds New Great Helmsman: KeynesBy Peter Passell
*New York Times Service***NEW YORK** — John Maynard Keynes may be out of fashion in the West. But in one of the odder twists to the unfolding Asian crisis, his prophets have resurfaced in Beijing.

To keep the Chinese economy out of recession — and to prevent the urban proletariat from taking to the barricades — China's pragmatic Communist leadership is calling for a heavy dose of fiscal stimulus that would have made Keynes proud.

Acknowledging that fiscal intervention is needed to sustain annual growth of more than 8 percent is one thing; delivering on that promise is quite another for the Chinese government. For even if the early reports have exaggerated the amount that China will spend on roads, housing and other public works, any significant increase in outlays is bound to complicate its plans to modernize the half-socialist, half-capitalist economy.

"There's just no easy way out of their predicament," said Nicholas Lardy, a specialist on China at the Brookings Institution.

At first glance, the case for spending is strong. China's ability to modernize has been constrained in recent years by electricity and transportation bottlenecks. And the timing is propitious, since spending could offset economic pain.

The combination of currency depreciation and falling output in the rest of Asia is widely expected to reduce the demand for Chinese exports by about \$20 billion this year. Meanwhile, the continuing effort to trim China's bloated state enterprises is expected to push several million people out of jobs.

Rather than accept a sharp drop in employment and growth, Chinese leaders have said they will increase spending, with \$750 billion to \$1 trillion devoted to new construction over three years. Even by the widest definition of infrastructure spending, the government would have to increase outlays by 60 percent to hit the \$750 billion mark — virtually impossible short of a total mobilization of the economy in the manner of Chairman Mao Zedong's Great Leap Forward.

But even a 10 percent to 20 percent increase, as is deemed plausible by Wing Thye Woo, an economist at the University of California at Davis, would conflict with China's other policy goals.

The only practical way to increase spending rapidly is to funnel the cash to state enterprises — many of which are industrial dinosaurs with a

long history of wasting resources. "All the politics says the government will give the money to China's equivalent of the Korean *chaebol*," Mr. Woo said, referring to the South Korean conglomerates.

Moreover, new public spending is likely to displace money that would have been used to recapitalize China's insolvent state banks. Bank reform can wait. But Jeffrey Sachs, the director of Harvard's Institute for International Development, warns that China's finances are more precarious than the official numbers suggest.

The state banks' bad debts, which may be the equivalent of several hundred billion dollars, are effectively part of the national debt.

Worse, what appears to be a

italize the banks and prime the fiscal pump by opting to run a big deficit. On paper, the risks would be modest. Inflation is not a major worry and with a very small government debt,

ECONOMIC SCENE

China would have little difficulty selling bonds to finance spending. But Jeffrey Sachs, the director of Harvard's Institute for International Development, warns that China's finances are more precarious than the official numbers suggest.

The state banks' bad debts, which may be the equivalent of several hundred billion dollars, are effectively part of the national debt.

Worse, what appears to be a

nearly balanced budget is actually deeply in deficit because the official expenditures do not include subsidies to state enterprises disguised as bank loans. "China is sitting on a mountain of fiscal problems already," Mr. Sachs said.

All this points toward a strategy of big talk and modest action.

China's leaders, whose legitimacy is tightly linked to their competence as economic managers, cannot afford to look as if they are ignoring rising unemployment and insolvent banks. They also cannot afford to risk China's reputation as fiscally conservative — a reputation that has prevented capital flight from Hong Kong and allowed the government to hold the line on exchange rates.

The loan approved Thursday is

BANGKOK — The Asian Development Bank approved a \$500 million loan Thursday for Thailand to build a social safety net for victims of the current recession, which the bank fears will send unemployment soaring and trigger social unrest.

The bank predicts that the ranks of unemployed workers in Thailand will swell by 59 percent this year. The 1.8 million jobless, representing 5.6 percent of the work force, could become the chief policy problem for a country that has a limited social welfare program and has not experienced serious unemployment in many years.

The loan approved Thursday is the biggest social-sector loan ever provided by the bank, part of its \$1.2 billion contribution to the \$17.2 billion bailout of Thailand organized by the International Monetary Fund.

In New York, meanwhile, Thailand's visiting prime minister gave an unusually blunt assessment of his country's economic problems on his first day in the United States. But he also held out hope that the Asian nation was well on the way toward emerging from financial crisis.

Prime Minister Chuan Leekpai, in a speech to the Council on Foreign Relations on Wednesday, said Thailand was "too complacent" during its period of rapid economic growth.

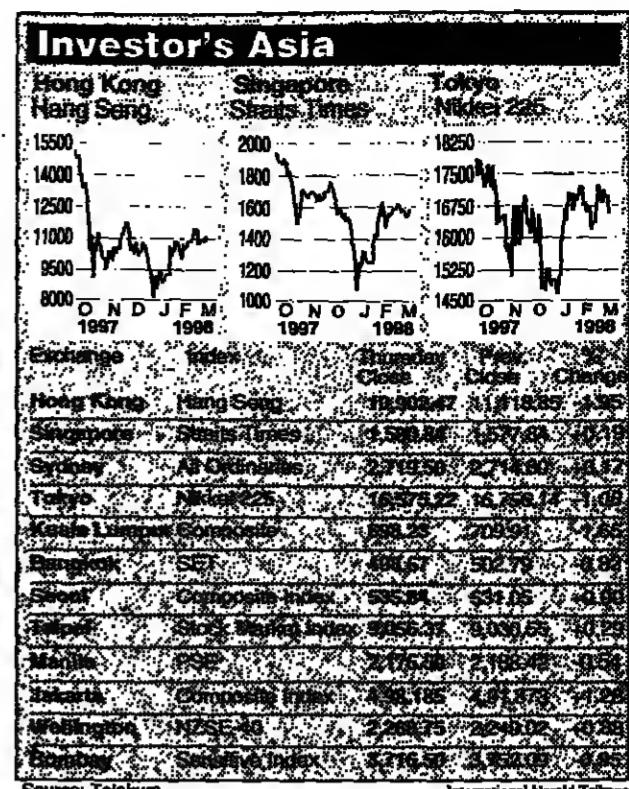
"In the good times, we forgot many important truths and neglected many important tasks. As long as we continued to succeed, this complacency could go unpunished. But once the cracks appeared, we compounded the mistakes. Naturally, we were quickly and severely disciplined by the market," Mr. Chuan said.

The Asian Development Bank money is for a program devised with the Thai government to support poor people who have been laid off because of the Asian economic crisis, students forced to drop out of school, and vulnerable groups that need assistance in health and education services.

A license for a desk would complement an existing "investments advisory" license, which limits foreign brokerages to providing corporate advisory, referral and marketing services. Under the proposal, foreign brokerages intending to set up a desk would have to invest at least 20 million ringgit (\$5.2 million).

The commission did not say when it might implement the plan, nor whether foreign brokers might be allowed to become full-fledged members on the Kuala Lumpur stock exchange that could buy and sell stocks without going through local brokers.

The Asian Development Bank hopes to combat unemployment in Thailand will peak this year, Mr. Lee said. "Up until now, Asian countries have never experienced serious unemployment," he said. "It wasn't part of the system. All of a sudden, it's come up and it could be a very big problem."

ADB Grants 'Safety-Net' Loan to Thais*The Associated Press***Very briefly:**

• Cheung Kong (Holdings) Ltd., the flagship business of the tycoon Li Ka-shing, paid 120 million Hong Kong dollars (\$15.5 million) for a hotel-development site in the semi-rural New Territories. One analyst said the price was one-third the usual price of farmland, but a Lands Department official denied that Cheung Kong had received a sweetheart deal.

• Nissan Motor Co. shares fell 5 percent, to 486 yen (\$3.82) after the company said it could fall 20 percent short of its group profit target of 100 billion yen for the year to March 31. The company added that sales may fall short of 1 million vehicles for the first time in 27 years.

• Japan Telecom Co. expects to sign a deal with WorldCom Inc., MCI Communications Corp., GTE Corp., Bell Atlantic Corp. and Cable & Wireless PLC on a plan to lay high-capacity fiber-optic cable linking the United States and Japan.

• J.P. Morgan & Co. is in talks with Industrial Credit & Investment Corp., India's second-biggest long-term lender, about increasing its stake in their investment banking joint venture in India.

*Bloomberg, Reuters***Tokyo Approves Bank Funds***Bloomberg News*

receive a capital boost. The government said Tuesday it would give 395.6 billion yen to four others, including Dai-Ichi Kangyo Bank Ltd.

The government attached conditions to the funds, including "ethical guidelines to bring them into line with social and public standards,"

Leaders ranging from Bank of Tokyo-Mitsubishi Ltd., the nation's largest, to Yasuda Trust & Banking Co., which saw a run on its deposits in December, are among those to decided on the applications.

Japan Finance Scandal Claims a 4th Bureaucrat*The Associated Press***TOKYO** — A top Finance Ministry official hanged himself Thursday, becoming the fourth high-ranking Japanese bureaucrat to commit suicide in a widening scandal over corruption in high places.

Yoshio Sugiyama, 46, a deputy chief in the ministry's powerful banking bureau, killed himself in his apartment in Tokyo, said Naoto Fujii, a spokesman for the Tokyo Metropolitan Police.

Meanwhile, Prime Minister Ryutaro Hashimoto turned down an offer by the head of the Bank of Japan to resign to

take responsibility for the burgeoning scandal.

The NHK national radio reported that Mr. Sugiyama had once worked with two ministry officials who were arrested in January on suspicion of accepting \$37,500 worth of entertainment from banks in exchange for tips about surprise inspections.

Prosecutors questioned Mr. Sugiyama in February, but were reported out to have viewed him as a prime suspect in the scandal centering on collusion between bureaucrats and the businesses they regulate. The investigation has

touched several aspects of government, including the previously untainted Japanese central bank.

Faith in the "bank of banks," as the Bank of Japan is known at home, was severely shaken by the arrest Wednesday of Yasuyuki Yoshizawa, 42, chief of the bank's capital markets division.

The head of the central bank, Yasuo Matsushita, offered to resign to take responsibility for the events leading to the arrest of Mr. Yoshizawa, who is suspected of accepting lavish entertainment in return for leaking sensitive information to two private banks.

Under the commission's proposal, distributed to foreign brokerages Thursday, the desks would be able to buy and sell shares through local

stock brokerages, underwrite Malaysian companies that are issuing securities in international markets and distribute their research to local investors.

The desks would also be allowed to sell and market securities to investors outside Malaysia.

A license for a desk would complement an existing "investments advisory" license, which limits foreign brokerages to providing corporate advisory, referral and marketing services.

Under the proposal, foreign brokerages intending to set up a desk would have to invest at least 20 million ringgit (\$5.2 million).

The commission did not say when it might implement the plan, nor whether foreign brokers might be allowed to become full-fledged members on the Kuala Lumpur stock exchange that could buy and sell stocks without going through local brokers.

RAILWAY: 7 Executives Rebuff Tokyo in Favor of Shareholders

Continued from Page 15

Under the terms of the privatization, the companies assumed a staggering \$113.7 billion of the debt accumulated by Japan National Railway, while the government-backed JNR Settlement Corp. picked up \$173 billion. Then, in 1996, accountants discovered \$7.4 billion in previously undetected pension liabilities, and the companies agreed to pay what they considered their fair share, or \$1.35 billion. Parliament ap-

proved a law for JNR Settlement to handle the rest.

Now the government is disbanding JNR Settlement, and it wants the railroad companies to pick up more — \$2.85 billion more — of the pension tab.

"Adding on to our debt is a breach of a promise," Mr. Matsuda said. "This was a contract between the state of Japan and the companies, and the government should not go back on its promises."

"I'm really a quiet, gentle man," he said of his refusal to

give in. "But I believe we have to fight things out in the open. Japan can no longer afford to do things the old way of kowtowing to politicians and making decisions in a black box."

His stance has touched off a minor revolt in the governing Liberal Democratic Party. Concerned about the negative publicity, several senior party members refused to support proposed legislation that would force the railroad companies to pony up the extra billions.

"I cannot accept the bill

because it will hurt international confidence in Japan," said Yohji Kono, a former party president. Bills do not

usually end up in the Parliament without the unanimous approval of the party leaders.

As the bill is expected to pass, JR East has threatened to embarrass the government further by suing it. Any lawsuit would risk throwing an unwelcome spotlight on the government's history of mismanagement of the railways.

Even though it raised \$70.6 billion through the sale of their assets and stock, it did not use the proceeds to pay down government debt, which has since

mushroomed to \$220 billion from \$173 billion.

In contrast, the privatized companies have shrunk their inherited debt of \$113.7 billion to \$100 billion while cutting costs and increasing revenues through own station developments that encompass retailing, hotel management and even credit services.

"The Ministry of Finance is responsible for the negligence that put us in this position," said Katsutomo Sekiya, a member of Parliament who heads a special committee on Japan National Railway's long-term debt.

"Also the politicians, who allocated the budget of the national railroad to bullet trains and local lines in order to create employment in their districts."

Mr. Sekiya himself is one of those politicians, as he pointed out, having ordered up a rail line project once to bring jobs to his constituents. But while he accepts responsibility for the problem, Mr. Sekiya is determined that the privatized rail companies pay part of the cost of solving it.

"If the stockholders think that is unfair, they should sell their stocks," he said.

"It's baffling," he answered, noting that he was first to break several aspects of the presidential inquiry story. "What does it say about the Washington press corps?" asked Mr. Drudge.

He, like many reporters, has no formal journalism training but who, unlike most reporters, also has no editors checking his product.

"The media is my mistress," he said in an interview, describing his life as a news junkie who fell asleep as a boy listening to the police scanner for breaking crime news. "I hug the stories," he said, referring to his endless fixes of news.

Mr. Drudge is a bold, angular, furiously curious man of 31 years who suggests an odd collaboration of Dickens and Raymond Chandler. He scoffs at being criticized as a wannabe amateur by journalism

school deans and news media Brahmins. He seemed undisturbed as the two unconnected stories converged on him in the very same courthouse.

But his pride showed when the pack — his pack, he insisted — shouted the question of why, for all the reporters working the sex-and-politics stories he helped uncover, Mr. Drudge had received no support from other news organizations for his First Amendment defense in the Internet libel suit.

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V
BOUTIQUE



stardon

By Suzy Menkes

PARIS — The bravos for Sonia Rykiel's 30 years in fashion were not so much about the search for elegance above all the staying power of her current designer. I don't feel it's 30 years, I am starting afresh with what I have done in a period of liberalization. I opened her first boutique in Paris in 1968 and now Bibliothèque Nationale library.

is quintessentially French, of intellect and wit, of a mother and a flirt. She is a woman of womanhood in her signature knits: cardigans, worn over fox stoles and with piping from floppy hats, my striped sweaters that France's Left Bank fashion looked totally different with low-slung jogging pants. In the lively show, Rykiel proved pantsuits to be a success, made the show known in the daylight through the windowed windows and have sauntered in for a visit — which is the best.

of the new arrivals is

spirit for three shows

fall shows

student collection this

young designer known

an establishment

choice of Cristina

designer who was

of Miuccia Prada

they wanted a spare

on fabric research

than a younger woman.

they sure got that: the

most current look that

with a nod to Comme

division, as seen by

son was modern, in

like jackets, low-

waisted pants, but it

choice of a man's

SONIA RYKIEL
PARIS

VALENTINO

PHOTO: MICHAEL THOMPSON

ROME, MILAN, FLORENCE, NAPLES, PALERMO, VENICE, PARIS, MONTECARLO, DEAUVILLE, GENEVE, GSTAAD, LONDON, ATHENS, MOSCOW, NEW YORK, BEVERLY HILLS, PALM BEACH, WASHINGTON, TOKYO, HONG KONG, SEOUL, TAIWAN, BEIJING

Fashion

Stardom to Staying Power, a Challenge for New Generation

By Suzy Menkes

PARIS — The bravos that rang out to celebrate Sonia Rykiel's 30 years in fashion were a reminder of what this current fall season is about: the search for a new generation with the creativity, the energy and above all the staying power of fashion's current designer galaxy.

"I don't feel it's 30 years, I always feel that I am starting afresh — yet I know that what I have done bears witness to a period of liberation," said Rykiel, who opened her first boutique in Saint Germain in 1968 and showed Thursday in the soaring glass structure of the new Bibliothèque Nationale, or national library.

Rykiel is quintessentially French in her mix of intellect and coquetry; she is both a writer and a flirt. She addressed both aspects of womanhood in her collection of signature knits: long-line Aran-stitch cardigans, worn with sequined bras and fox stoles and with wine red toenails peeping from fluffy mules.

Taut, tiny striped sweaters that were part of France's Left Bank fashion revolution, looked totally contemporary worn with low-slung jogging pants. In fact, nothing in the lively show, from the checked tweed pantsuits to seductive black dresses, made the show retrospective. Shown in the daylight streaming through the windowed walls, the clothes could have sauntered in from the Paris sidewalk — which is the essential style of Rykiel.

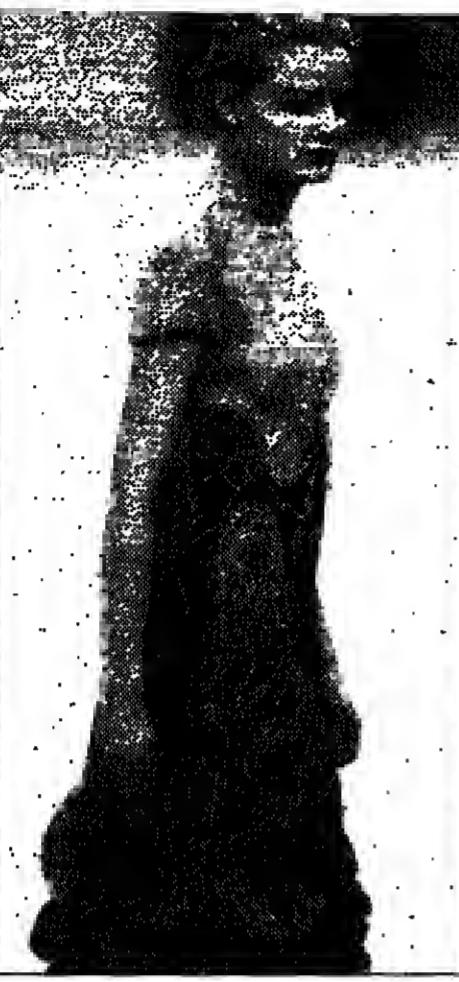
So who of the new arrivals is going to keep a fresh spirit for three decades?

Thursday's fall shows opened with the third debut collection this Paris week from a young designer brought in to spring-clean an establishment house.

Lanvin's choice of Cristina Ortiz, a Spanish-born designer who was formerly the right hand of Miuccia Prada, suggested that they wanted a spare look, with a focus on fabric research aimed at a cosmopolitan younger woman.

Well, they sure got that: the globally homogenous current look that owes a lot to Prada, with a nod to Comme des Garçons' vision, as seen by Jil Sander.

The vision was modern, in its mix of easy pieces like jackets, long or brief with cropped pants, but it was original only in its choice of materials.



From left, Lanvin's cobweb-effect knitted dress; Rykiel with check-suited model takes her birthday bow; Demeulemeester's long wrapped-back dress.



Christopher Moore/Andrew Thomas

Someone who has contributed to Prada's look will inevitably draw on that experience, especially in a first collection. Using navy blue, rather than black, Ortiz gave the sporty day clothes fresh proportions, although the simple long skirts were more effective than the shorter, draped hemlines.

You have to admire Lanvin for opting for a designer who would banish all trace of the bourgeois wardrobe. But when tailoring gave way to artsy effects — snail trails of white cohwehs or paint splashes on the simple pieces — the show's aesthetic seemed familiar.

The problem with this designing to a

formula, with pallid, red-eyed models who only crack a smile when they trip over some complex garment, is that it distracts attention from the genuine creativity. Ortiz had some intriguing surfaces, including knits that blended hairy textures with smooth. The apparently identikit collection would probably seem more inventive if seen in detail off the runway.

If the show is the thing, Guy Laroche did an imaginative staging, making a runway of an ice rink and putting models in Afro wigs the color of raw carrot. And carrot juice is just what designer Alber Elbaz has given to the house over

the last three seasons: vitamins, a freshness and a feeling of youthful energy as the lines are slimmed down.

"She's a triple agent — working, wife and mommy," quipped Elbaz to explain the dark shades and the slick edge to the linear and graphic clothes. This collection did not quite capture the lighthearted mountain air of last season — perhaps because there was an obvious difference between the commercial and the experimental: long straight panne velvet dress with blocks of abstract lilac, low-slung pants — one of the seminal silhouettes of the 1990s. Now that she has been much copied, Demeulemeester found a cool new way to express her modernist take on androgyny — by

on a tailoring grid as precise as a box of ice cubes, but allowing it to melt for a draped collar or waist. Several outfits focused on the back, and that was showcased by the dramatically staged lineups.

Once a designer has established an image, there is the problem of nudging it forward. Ann Demeulemeester proved that she has that talent. The Belgian designer gave the fashion world slouchy, low-slung pants — one of the seminal silhouettes of the 1990s. Now that she has been much copied, Demeulemeester found a cool new way to express her modernist take on androgyny — by

wrapping fabric across the body and moving the focus from hips to back.

The new silhouette was close-cut, with a jacket lapped to one side and narrower pants. Dresses also wrapped, but at the back, sometimes with a second free-floating layer slung casually over the arm in sweet deshabille. Other jumper dresses were worn over the tiny boleros that are a current trend.

While some of Demeulemeester's previous exercises in undress have seemed tricksy, this collection had a serenity, as the black-clad models walked out with scrubbed faces, tousled hair and biker boots. Black again? But this designer knows how to use textures of black like color, making slender dresses in leather cut like torn paper.

A forward march, too, for Claude Montana, who softened his sculptural style, with fluffy mohair and rounded shapes. It made his collection of sporty parkas seem more relevant to the current world, and a long wrap skirt, thistle-down-light, made a strong opening.

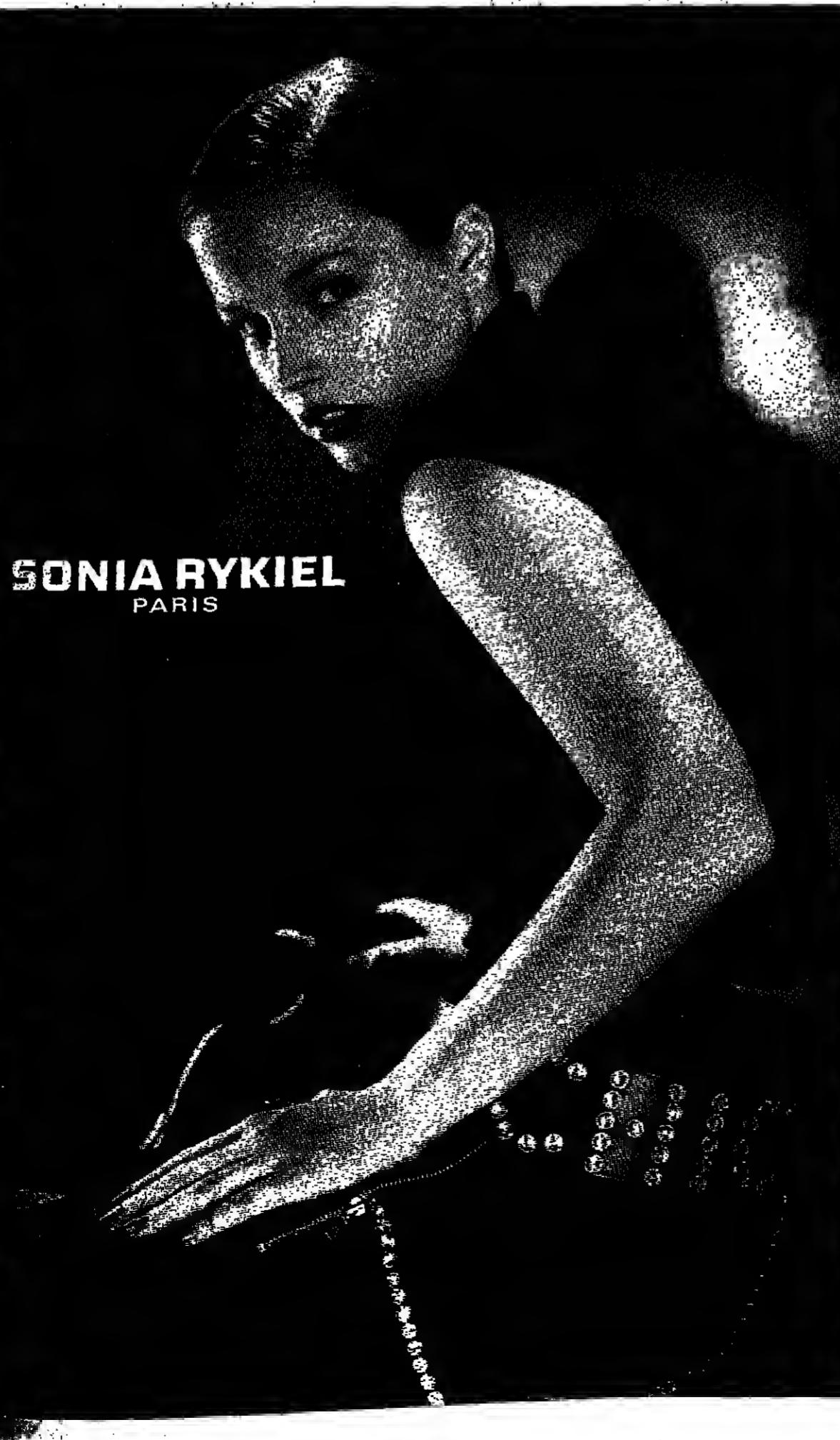
The tide of fashion is running again toward sportswear, and if you want that impeccably done on a grand scale, there were fine daytime pieces, including cargo pants with one zippered pocket. Even Montana's signature leathers were softened and only the Lurex mesh evening gowns and tailoring with a lot of hardware seemed to be displaying too much heavy metal.

How does Issey Miyake keep such a spanking freshness in his collections? His look also benefited from the sportswear revival. And as the models strode out — the fabric rolled, wrapped or crinkled to the shape of the body — it was hard to credit that this was the work of a 63-year-old designer.

Miyake retains a youthful energy in the sunshine-orange color, and especially in the innovative fabrics (think hand-painted fleece linings and feather effects) which are the core of his work. Even the set, with its giant columns of recycled paper was an imaginative backcloth for the clothes.

If the finale of silver and gold pieced on white seemed a caricature of new millennium dressing — well, Miyake is always a designer who looks resolutely ahead.

SUZY MENKES is fashion editor of the International Herald Tribune.



Luxury Goods Still Strong in Asia But Middle-Level Retailers Hard Hit by Crisis

By R. Jane Singer

HONG KONG — A year and half ago it seemed that Asia's retail boom would never stop. Each new designer entry into the market was greeted by enthusiastic consumers eager to sport the latest international labels. Few anticipated that the party would come to such an abrupt halt.

Just as Hoog Kooi was seeing its way clear of the pre-jamboe doom and gloom, it was sideswiped by the regional currency crisis. Tourism dried up overnight, and local shoppers now consider saving a priority. Indonesia and Thailand which showed promise of being the next big markets for foreign labels found imported goods to be much too pricey with their currencies devalued by more than 50 percent. As the region sorts out its financial woes, retailers are facing a new磨難 where only the best and the brightest will survive.

"The market has reached a temporary saturation point," says a fashion industry consultant, John Moody, who has worked in Asia for more than 30 years. "There's little room right now for newcomers."

Industry experts agree that, while at the moment the amount of luxury goods boutiques outstrips consumer demand, the Asian consumer's love affair with status fashion items is far from over.

The future looks bright for designer goods, particularly those with strong brand identities. From the consumer's point of view, an international label not only offers status, but is an assurance of quality and style.

"Compared with the United States and Europe, Asian consumers are more likely to spend money on designer labels," said Guido Schild, managing director for Asia for the international retail and apparel industry consultants Kurt Salmon Associates. "A secretary here will save up for a Gucci bag and then use that bag for two years, rather than buy several less expensive ones."

In the West, home furnishings and apparel compete for consumers' dollars. Not so in Asia where most people live in small apartments and there is little spending on home decor, freeing up more dollars for expensive apparel purchases.

It is the middle-level retailers who are losing out. The majority of fashion consumption in Asia is still at the street market level which includes the small boutiques and shops selling low-priced goods. The middle-priced retailer is suffering from an identity crisis offering neither prestigious designer brands nor bargain prices.

However, the region's weakened economies have put pressure on designer brands that once had a captive market. Escada

plans to reduce prices in Asia in order to enable retailers to maintain their sales volume.

Prada is lowering prices as well in an effort to fight parallel imports from consumers who have figured out that it is far less expensive to buy European labels in Europe, where not only is the ticket price often considerably lower than in Asia, but where they also get the value-added tax rebated when they leave the country.

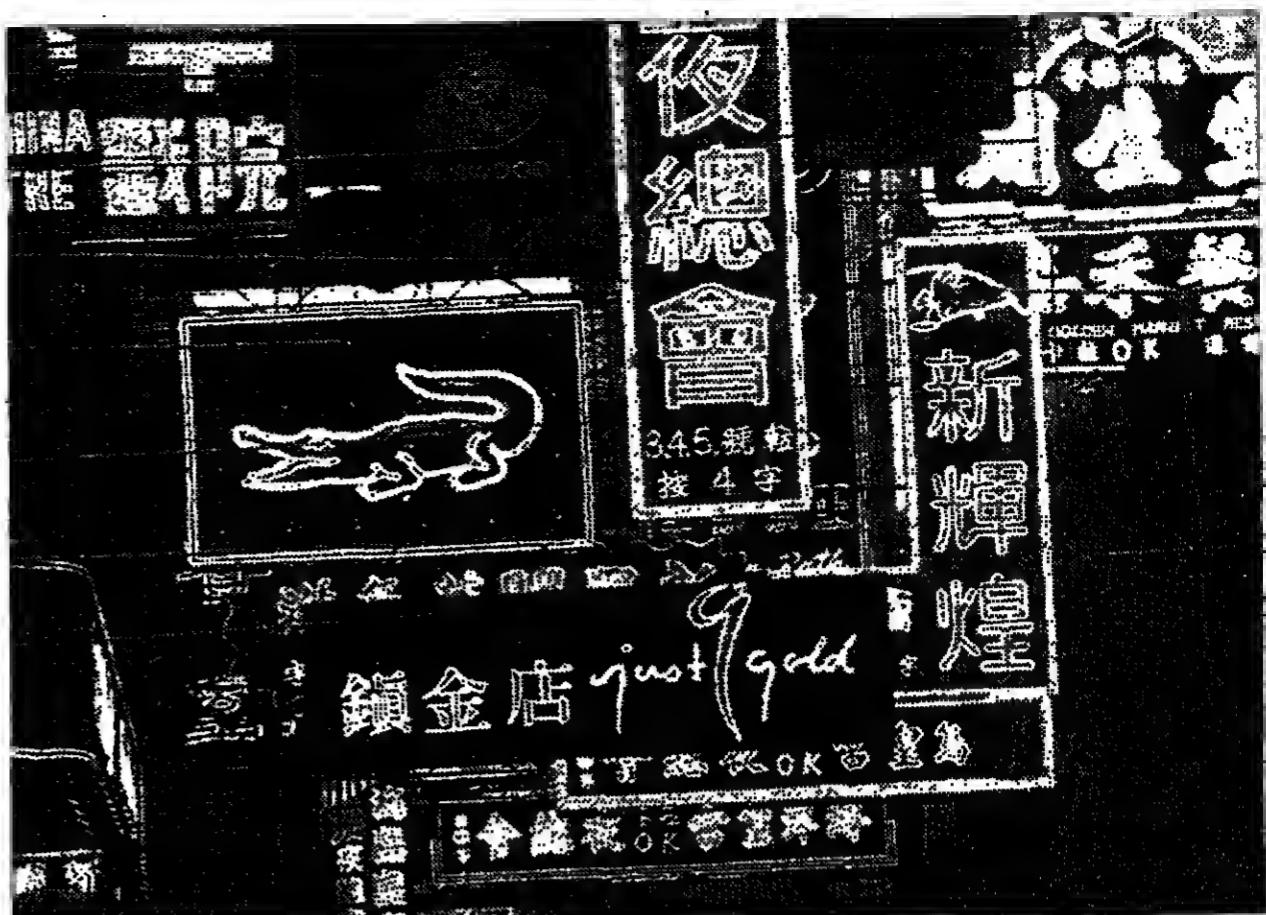
One problem is that Asian retailers have essentially been distributors rather than merchants. Local importers act as exclusive agents for European labels, bringing the merchandise into their country and presenting it in single-brand "concept" shops located in prime malls and exclusive shopping districts.

Now that will have to change. The so-called "brand collectors" such as Joyce, Dickson Concepts and others will have severe problems, said Schild. Analysts predict that Joyce could lose up to \$12 million in this fiscal year.

"Retailers who are retailers by mission will fare the best," Schild added, pointing out that many Asian retailers are merely landlords. This is particularly true of the department stores which own very little of the merchandise they sell. Instead, they lease space to wholesalers who set up their own shop-within-shop. The department store simply manages the till, from which it gets as much as 25 percent of gross receipts.

As the Asian markets mature, retailers will be forced to adopt better inventory management and leaner expansion plans. "Retailers' expansion plans are sometimes more ambitious than the consumer demand for their products resulting in lower sales per shop," said Connie Wei, research analyst at UBS Securities (Asia) Ltd.

R. JANE SINGER is based in Hong Kong, where she is editor in chief of the newspaper *Inside Fashion*.



Asian consumers remain enamored of Western designer labels as a guarantee of quality, style and status. JOHNSON/SPAIN PRESS

Fur Comes Back In a Brashy Way Pangs of Guilt Are Gone

By Jeffrey Weiner

COPENHAGEN — From Gucci to Dolce and Gabbana, textile designers have been seriously using fur in their collections for the past two years. Mink has been plucked and sheared and done up in high style, and it is not uncommon for fox to be dyed in bright and surprising colors. Fur is being used in collections across Europe with an in-your-face brashness, fashioned into bustiers, hot pants and the micro-mini, and worked lavishly into gowns complete with long trains.

The International Fur Trade Federation has spent years promoting the more humane methods in which minks, sables, foxes, and Persian lambs are farmed and trapped. And their efforts appear to have paid off.

In the United States, Alan Silberstein, a New York-based importer, has reported an increase of 10 percent in volume of sales each year for the past two years. In Spain, volume has increased by 20 percent, and in Italy fur designers have experienced sky-rocketing export quotas.

After a peak in the late '80s when 80 million mink pelts were being sold annually, fur sales dropped in the early '90s reflecting a minimalist look and a certain ecology among consumers. Now industry sources say, about 29 million mink pelts are being sold annually.

Women seem to be wearing fur with a clear conscience and an irreverent disregard for status. The new image of the fur wearer is smart and young, sexy and flamboyant. And although the bulk of sales still comes from conservative matrons and practical Russians, fur now has an edgy, ultra-modern look.

While an unusually mild winter in Europe and the financial crisis in Asia, especially South Korea, could have triggered a sharp decline in the world fur market, the market remains buoyant. At Copenhagen's annual fur auction last month, buyers from China, Russia and Eastern Europe picked up the slack. They bought about 60 percent of the mink on sale. Based on statistics released to the International Fur Trade Federation, Robert Liska, a major fur retailer in Central and Eastern Europe, estimates that China and Russia each bought 25 percent of mink on sale and Eastern Europe 10 percent.

The South Koreans were noticeably restrained, not just in Copenhagen but at key sales last month in Helsinki, Seattle, and Lyndhurst, New Jersey. This contrasted significantly with previous years in which South Korea purchased 60 to 70 percent of the world's mink.

The Copenhagen Fur Center reported that overall fur prices dropped 13 percent during the February auction. However, according to the Fur Center, the drop in prices has been offset by the volume of sales, with all minks on offer being sold.

According to the Sandy Parker Reports this week, 100 percent of all minks were sold at all the major European and North American sales this winter.

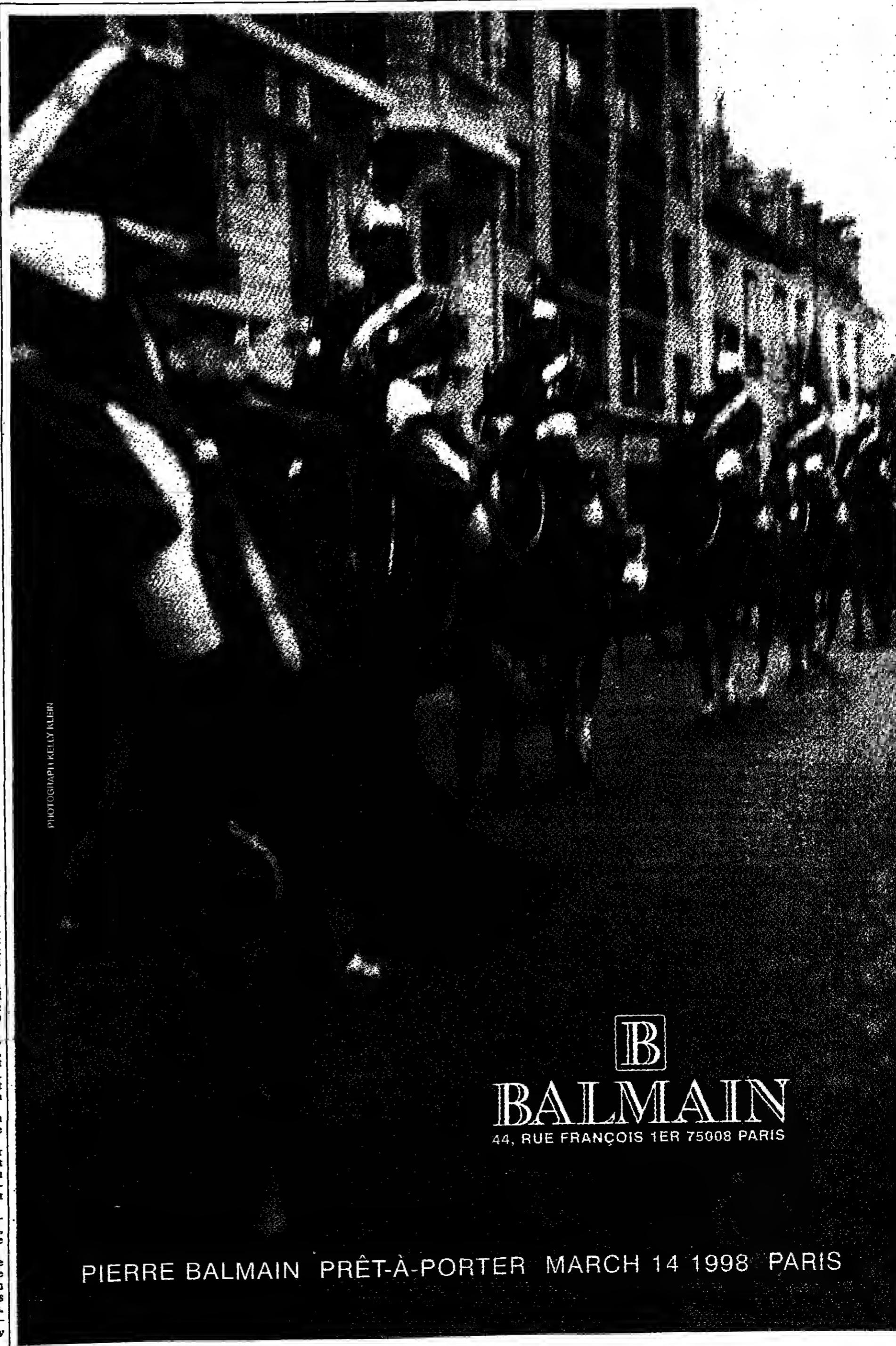
China, which has been relatively protected from the Asian financial crisis, uses a lot of fox for trimming, and large quantities of commercial quality mink and mink garments.

Russia, which used to consume 80 percent of its total fur production, has emerged as a leading importer of fur to meet expanded demand at home at the same time that its own production of fur has fallen drastically. In Copenhagen, Russians were the most important buyers for several different types of mink and silver fox.

Another avid buyer of mink was Spain, the largest consumer of mink in Western Europe, according to Julio Suarez, marketing manager for SAGA and a representative of the Spanish Federation of Fur Associations.

Although Spanish furs have been generally sold by large commercial furriers in department stores, small retailers are emerging in the market. And although the average Spanish woman buys the classic cut, Spanish textile designers, such as Loewe, are beginning to incorporate fur into their collections.

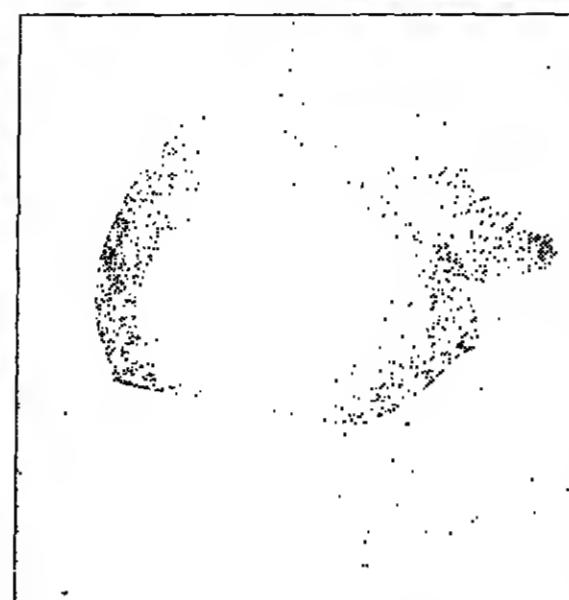
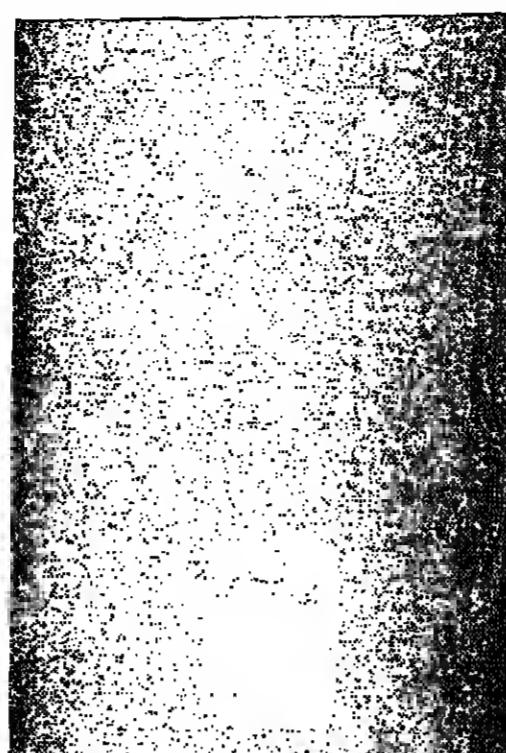
JEFFREY WEINER is a freelance writer based in New York.



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BALMAIN
44, RUE FRANÇOIS 1ER 75008 PARIS

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FASHION / A SPECIAL REPORT



Clockwise from top left: a lattice of gold and aquamarine by Marie-Helene de Taillac, a blue topaz set in gold by Susan Lennox, a quartz ring by de Taillac, a drop pearl by Lennox.

Gems Again Have a Cool Edge Jewelry Reflects Desire for Femininity and Fantasy

By Alicia Drake

PARIS — "Sooner or later every woman wakes up wanting diamonds," said the London jewelry designer Solange Azagury-Partridge as she popped a spider ring, a plump three-carat rock in a web of filigree red gold, on her finger. The ring was from her current collection of uncult, faceted and Golconda diamond rings.

When a designer who has staked her cool on voluptuous, avant-garde jewelry — we're talking enamel and ruby Union Jack rings — starts advocating diamonds, it signals real jewels are hip again.

For the past six years, jewelry has been doing penance for its 1980s "guilty" excesses. In the fashion world as designers declared the runway a jewelry-free zone, magazine pages followed suit. That meant fashionable women went without or more recently existed on a diet of discreet jewelry or Elsa Peretti shapes in sterling silver.

Now it's not just diamonds women are waking up to, but the idea of wearing jewelry again. Azagury-Partridge believes the trend is founded on a new desire for "femininity and dressing up," while the Paris boutique owner Maria Luisa sees it as an escape from minimalism. "All around fashion has got so breathtakingly similar and basic," said Maria Luisa, "that jewelry has become the last refuge of fantasy and one of the few ways to express individuality."

It helps that fashion itself has given the green light. For the past few seasons, John Galliano has loaded the runway with turquoise and diamonds, glittering jet and pearls. During couture week in January, he sent out models at Christian Dior garnished with medallions of hand-painted porcelain or tumbling strands of topaz and olivine.

At Valentino there were giant hoop earrings weighted with pearls, while at Chanel models wore fistfuls of white

gold and diamonds. And at London Fashion Week, even the editor of *Vogue*, Anna Wintour, a former leader in the jewelry blackout, had on a choker of multi-strand gray pearls.

But although the new jewel craving is for real, it is not about buying rock formations on the Place Vendome. Jewelry now can be diamond or tourmaline, new or 19th-century, but it must reflect a quiet luxury relevant to real life.

"Most of my customers are a generation of 30-somethings who have never really had fine jewelry before," explained the French jewelry designer Marie-Helene de Taillac. "They are not looking for that ladies'-that-lunch look. They want something they can wear to work and then straight out in the evening or on the Metro without attracting attention."

That means de Taillac tends to create suggestion rather than statement pieces: a lattice necklace of aquamarine and 22-karat gold lapping gently at the collar bone, a glacial ring carved from smoky quartz or raspberry drops of tourmaline suspended from gold earrings. She spends much of her year in Jaipur, India, where she buys all the stones from the Guru Palace and oversees the crafting of her pieces.

No slouch on the scent of a trend, Bernard Arnault, chairman of LVMH Moet Hennessy-Louis Vuitton, has succeeded in luring Victoire de Castellane away from designing costume jewelry at Chanel to create the first collection of *haute joaillerie* for Christian Dior.

De Castellane, who shows her debut collection next January, applauds the trend for real, but stresses it should be interpreted in the singular, rather than plural. "That means one beautiful ring or one gorgeous necklace, but never worn all together," said de Castellane, who is currently wearing what she calls triste or somber stones such as garnet or ribbon agate, as well as antique jade.

Opting for antique or semi-precious jewels does have the advantage of being both less expensive and less recognizable.

able. Susan Lennox, an American jeweler designer based in London, said: "It got to the point where the traditional luxury jewelers were unaffordable and yet fashion jewelry was totally undesirable, just miles and miles of \$25 plastic necklaces. Now women are excited by the prospect of wearing something real that is within their price range."

Lennox designs several collections, including a basic range in which she uses gemstones and freshwater pearls to create necklaces such as the three-strand "amethyst ruffle." More extravagant is her oriental collection which was prompted by a chance encounter at a Christie's salesroom with a slightly battered but beautiful collection of 19th-century kingfisher feather hairpieces from the Forbidden City in Beijing.

TRADITIONALLY worn at court by the royal concubines, Lennox has transformed these hairpieces, making pendants hung from gold wire or a necklace of turquoise arabesques hung from coral beads. As well as the kingfisher theme, there are other one-off antique pieces such as a 19th-century Chinese jadeite pendant with tiny gold dragon motif that Lennox has hung from a rope of faceted tourmaline.

Dary's, at 362 Rue Saint Honore, an antique jewelry store frequented by Linda Evangelista, Kristen McMenamy et al, has had a run on anything 19th-century, multi-strand or agate (care of Galliano); white gold or platinum, as well as earrings, which are making a comeback at last.

"Women are no longer afraid of wearing something big," said the boutique owner Catherine Souillac. "The difference between now and the '80s is today they are searching for real stones and big jewels, but that are not incredibly expensive."

"Unless of course," she added, "it's a man buying for them. Now that's another story."

The Latest Wrinkles in the Battle to Look Young

By Michele Loyer

PARIS — An obsession with youth and a stigmatization of age dominate today's world. And it has become big business for those professionals who depend on making women feel good — plastic surgeons, skin specialists and cosmetic companies.

If their approach to countering skin aging differs, their claim is strikingly similar: to slow down, if not the aging process itself, at least its most visible signs.

In Europe and in the United States, the aging of the population and its consequent "anti-age fight" have been a blessing for the cosmetic market whose sales figures had slackened off over the past two years.

Cosmetic companies are fiercely competing with constantly new products touting "revolutionary" high-tech formulas.

The new generation of cosmetics, particularly the "anti-age" ones, has been termed cosmeceuticals: products that hover between pharmaceuticals and traditional cosmetics.

"Today's cosmetics can have an effect on all skin levels provided they succeed in passing through the hard layer of the skin," said Pierre Perrier, director of Christian Dior laboratories, in an interview with the trade magazine Cosmetic News.

Jean-Paul Marty, professor of dermophar-

macology at the University of Paris XI, said, "The frontier between drugs and cosmetics is purely at the toxicological level. But a substance can penetrate deeply into the skin without being toxic."

Until an international law concerning cosmetic appellation is passed, cosmetic labs will continue to deliver ambiguous messages.

"Aging is inevitable; an aging skin is optional," claims the Swiss cosmetic company La Prairie, whose high-tech, high-priced skin products and rejuvenation spas in Montreux, Switzerland, operate on the same philosophy: turning back the clock on aging.

Marion Froeschle, La Prairie's research and development director, said, "The best way to fight aging is to work on the skin's own natural repair and defense systems, incorporating ingredients that sustain and enhance the skin's own natural renewal process."

Froeschle added, "Our research lab is now using ingredients which are bordering with pharmaceuticals, like pure Vitamin C and Vitamin A which are incorporated in our latest products."

Guerlain, which has a long-established reputation for high-quality products, has recently marketed Actifill, described as a "New Age defense technology." It combines an active concentrate with ultrasonic waves that are supposed to help the product penetrate in depth while, at the same time, restructuring and smoothing the skin.

Yves Saint Laurent's latest product, Haute Poreuse, claims to be the first "smoothing and firming glico-amino-phosphorus" complex produced by biotechnology.

Thalgo Cosmetic presents its latest anti-stress, anti-pollution and anti-age treatment as "association of pure oxygen, negative ions, vitamins and anti-free radicals."

A number of beauty specialists have embraced Eastern practices, which treat the body as well as the soul.

Chinese acupuncture claims to cure ills by balancing the body's yin and yang elements to boost the natural energy.

R. X., a medical doctor, homeopath and acupuncturist, has written a book on his use of acupuncture as a beauty treatment for the face. His "secret" — as he calls it — is a preventive treatment of wrinkles and sagging skin. An average acupuncture lifting session will last between 15 and 20 minutes during which Dr. X will stick about 20 gold needles into the skin. "The needles increase blood circulation, improve skin tonicity and reduce inflammation," he said.

But Dr. X stressed, "Acupuncture has no effect on deep wrinkles or on the loose skin of the neck."

The many Eastern techniques of massages (Thai, Chinese, Thai, Shiatsu, Indian, Reiki, etc.) are growing in popularity.

Viviane Critega, a specialist of traditional Chinese therapy and Oriental massages, said, "I see more and more people who are stressed out; psychically as well as physically exhausted. I try to reactivate their inner balance with different techniques of massages." For "mature" faces, she has devised a cocktail of massage techniques such as Shatsu, lymphatic draining, *jacquet* — a vigorous massage invented by a French dermatologist to improve micro circulation and treat bad acne cases — and scalp massage.

Joelle Ciocco, who defines herself as a "cosmetologist and therapist" with a background in biochemistry, collaborates with a dermatologist for whom she has developed skin product formulas. "I stand between health and beauty. I look at beauty as a therapist."

Ciocco's clients are women between 40 and 60 who have tried everything. "I am their last recourse before plastic surgery and I am not allowed to make mistakes," she said. What's her observation on the average woman's skin? Ciocco said, "Today I see a lot more skin allergies due to stress and pollution. I often ask my clients to detoxify their skin by not wearing any makeup at all for at least two months."

If none of these "soft" methods works, women still have the recourse of popping hormone pills — or trying plastic surgery.

MICHELE LOYER is a freelance journalist based in Paris.



Off the Beaten Shopping Path Cosy Paris Boutiques That Dare to Be Different

By Pat McColl

PARIS — Mega boutiques for mega names have been monopolizing the main shopping axis of Paris, from just the opened Louis Vuitton on the Champs Elysees and the Emporio Armani on the Left Bank's Boulevard St. Germain to the madly multiplying Gap stores, but a handful of smaller boutiques are daring to be different.

What most have in common is a location slightly off the well-traveled fashion paths and, in several cases, an insistence on first-names-only: Maria Luisa or Sarah at Colette or Ludovic at Bonnie Cox. But most importantly, what all three plus Armand Hadida of L'Eclaireur and Jean-Pierre Tortil at the newly opened IF offer is choice.

Ten years ago when Maria Luisa found a boutique at 2 Rue Cambon, she claims she didn't realize that the location wasn't ideal for avant-garde fashion or just plain fashion. It didn't take long, however, for fashion aficionados to scour her out as well as the unique pieces she manages to find — whether it's from John Galliano or the Australian Collette Dinnigan or London's Clements Ribeiro and Julien Macdonald.

"I'm not 'directional,'" she said. "I don't try and impose a total look. I keep falling in love and buy things that don't fit into a total look." When she tried to keep everything in her just opened menswear boutique, at 5 Rue Cambon, to a strictly neutral palette, she flipped over a brightly colored floral printed shirt from Jean Paul Gaultier. It looks different from everything else in the shop and is the first thing that catches the eye.

The minimalist trend of the last two or three years has been difficult for us," she said. "It's so easy to copy that it becomes a dead-end street and is castigating for creators. You can't

keep to be minimal. It's not their universe."

Her next venture, at 4 Rue Cambon, is a boutique for the London shoe designer Manolo Blahnik, with an initial order of 400 pairs of shoes which are to go on sale this month.

Unlike Maria Luisa who restricts her boutique enthusiasms to the world of fashion, L'Eclaireur's Armand Hadida is just as happy selling a one-of-a-kind silver tea service by Gae Aulenti as he is discovering the latest avant-garde Belgian designer for his boutique at 3 Rue des Rosiers.

His current enthusiasms straddle the world of design and fashion with, on the design front, an exhibition that opened Wednesday called "Objet Sauvage." It features kitchen objects selected by the chef Alain Ducasse, owner of two three-star Michelin restaurants; and, on the fashion front, the Eto collection that he will add to a mix that includes Jil Sander, Comme des Garcons, Issey Miyake and Martin Margiela.

"The problem with fashion now is what I call the globalization of fashion. You see the same names everywhere you go and it's harmful for creativity," Hadida said.

DARING to be different has projected Colette, at 213 Rue St. Honore, into the spotlight as everyone from fashion journalists to shoppers tries to define what this boutique is all about. Sarah, who with her associate, Milan, runs the stores, said, "We wanted a space, not just a shop, with a mix of things you can't find anywhere else in Paris."

In the boutique designed by the architect Arnaud Montigny, window displays change weekly as do objects in interior vitrines. The mix can include everything from throw-away cameras to limited edition watches from Casio to Reebok's "Fury" athletic shoes at \$300

a pair. The shop was the first to discover the young American designer Jeremy Scott who is being touted as the next "hot" name.

Recent additions include Jil Sander's menswear and a lower priced line from Prada, Prada Sport. The downstairs water bar, which has been packed since opening day a year ago, offers more than 40 brands of water and a menu that like the displays, changes every week. "It's one of the few places in Paris where you can eat lunch whenever you want," says Sarah. "You can eat up until 7:30 P.M. when the store closes."

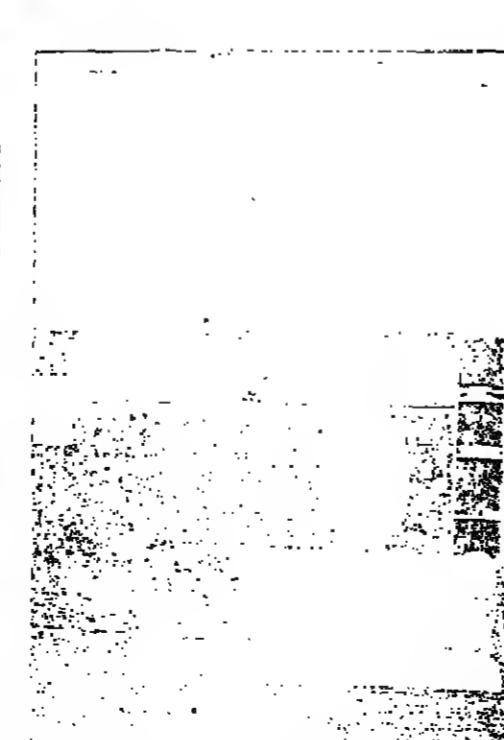
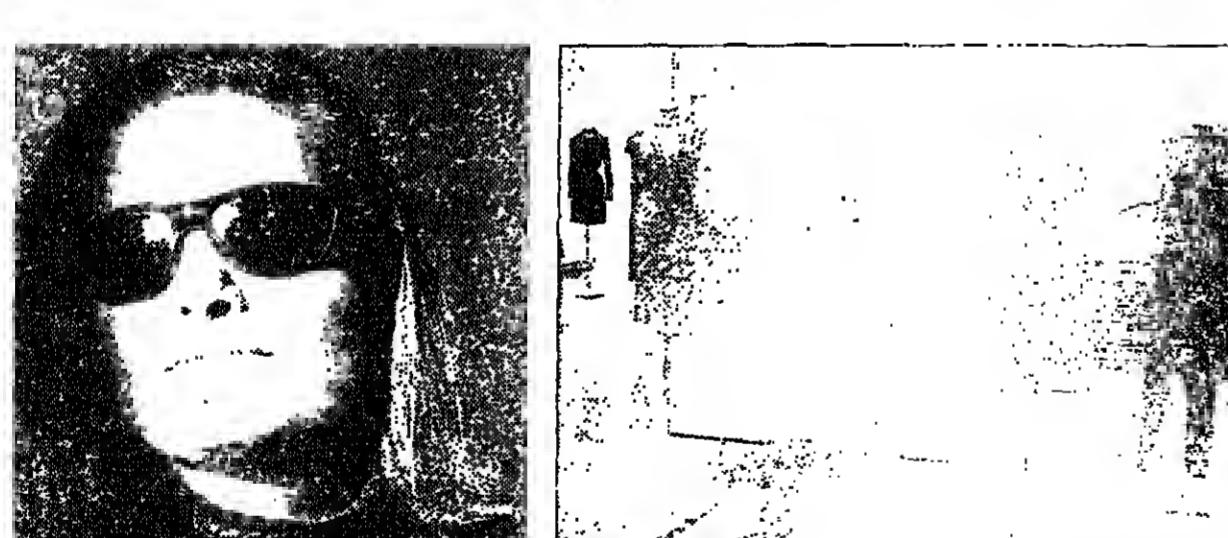
Along with the elothes is a gallery area on the mezzanine level for photo expositions and a selection of avant-garde fashion publications.

While Colette's location is a little off main shopping streets like the Rue du Faubourg St. Honore, Ludovic's "Bonnie Cox" at 38 Rue des Abbesses is totally off the circuit. "When I opened 10 years ago, I was the only shop on the street selling fashion," he said. Now, on both sides of the street, other small shops are blossoming. Over the years, many of his fashion "finds" have just walked in off the street to show him their collections, among them Zulu Bel, which Bonnie Cox was the first boutique to showcase.

This winter, Ludovic started to sell a small collection under the Bonnie Cox name. "My idea was something that sells all the time" — like pea coats or striped sailor sweaters or pants and jackets in the style and fabrics of the Camargue — which are made for me in Nimes." The sailor sweaters and pea coats are made in Brittany and slightly restyled by Ludovic.

This month, he moves closer to the fashion center when he opens a second Bonnie Cox boutique in the Galerie Vivienne.

PAT MCCOLL is a freelance journalist based in Paris.



Clockwise from top left: Paris boutique owner Maria Luisa, a shop interior at L'Eclaireur, the new menswear section at Maria Luisa's, simple and functional interior at Colette, and a shop interior at Jil Sander's.

Cool Edge
Community and Family

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FASHION / A SPECIAL REPORT

Shedding Dark, Minimalist Look, Fashion Puts On a Happy Face



All smiles at Ero's show in Milan.

By Robin Givhan

WASHINGTON — The fashion industry had a lot to be sad about. The makeup palette was filled with dark and muddy shades of brown and plum. Minimalism was a pessimistic, gloomy aesthetic. Designers were giving women charcoal gray business uniforms, power suits for corporate warfare, sheer clothes they couldn't wear and stiletto heels in which they couldn't walk.

Garment sales were in a slump. Once grand design houses were struggling for direction and in desperate need of a spark of excitement and enthusiasm. The supermodel was out of vogue; women hated shopping; fashion didn't matter.

There were tragedies of breathtaking proportion. Gianni Versace was shot dead in front of his Miami Beach home in July. Princess Diana, a friend to fashion and a woman solidifying her role as a style icon, was killed in an automobile accident Aug. 31 in Paris.

"Everything became really pared down," said Harriet Quick, features editor of the London-based *Frank* magazine, and was "full of tortured angst." She added, "It was not cool to be interested in fashion."

And then, just when it seemed that the industry could become no more depressed, when the mood was as dark as it could possibly be, models came sauntering down the runways for spring '98 with great, glorious smiles on their face. Designers traded in ill-tempered stilettos for good-humored Sabrina heels. The clothes now are cheerful, a little frilly and in uplifting colors such as pale blue and pink.

For fall, the ever reserved Giorgio Armani has added a burst of fiery red to his usual hues of beige and gray. Dolce & Gabbana presented a joyful collection of hand-painted gowns inspired by a lush Palermo garden. There are even sweet or indulgent accessories: dainty pearl chokers, elaborate necklaces sparkling like diamonds. Indeed, there are diamonds, dripping from models' wrists and sparkling from tiaras that crown their head.

Fashion is happy.

"There is a kind of rejoicing that minimalism is over," said the New York-based veteran fashion writer Marylyn Luther. "And the young designers have a lot to be happy about. I think everything is definitely more positive than it was."

"Part of it is probably just that the dour, mean-look is old," Luther said. In her roundup of trends for industry in-

siders, Luther emphasized the joy seen in the haute couture presentations and in the collections from young designers. The change in tone has been referred to as "a hunger for happiness."

"We've done a full 180 degree turn," Quick said. In part, it is a "forced backlash against heroin chic. There's a more light-hearted enjoyment and pleasure in clothes."

In Milan, models at Lawrence Steele's fall '98 presentation locked eyes with familiar members of the audience and flashed a friendly smile. At Armani and at Ero, the expressions were pleasant, even joyous.

BACKSTAGE at the spring '98 shows, designers posted signs reminding models to smile. Smiling models mingling with guests were part of the script at the John Galliano presentation. Helmut Lang's models were dressed in white, pleated skirts and delicate wisps of fabric and looked pleased to be strolling around his U-shaped runway.

There were flowers embroidered on sweet frocks at Guy Laroche and models giddily whispered into each other's ears as they posed for photographers.

And at Stella McCartney's first presentation for Chloe, models were virtually grinning from ear to ear as they walked

down the runway in demure camisoles and whimsical dresses.

McCartney said that when the models came in for castings "I told them don't put on the look that you don't feel good in something if you do. Don't hide that you feel good."

"Smile. Have a laugh. A lot of them were happy to look happy." After all, she says, "we were having fun."

The magazines have gotten into a better mood. The American beauty magazine Allure is touting cheerful lipstick in shades of red and pink for the spring. The makeup for fall is feminine, romantic and applied with a light hand.

In the March issue of Jane, a new American magazine aimed at teenage girls and young women, there is an article touting the health benefits of putting on a Cheshire cat grin.

There are more pictures of girls having fun, running around, cavoring. Their body language is more alert," Quick said. "We've really moved away from the tortured, gothic thing. I think there are far more people having a good time. There are a lot more antics and pranks."

This is a time of optimism about the future of the fashion industry. The couture business once again has relevance. It not only is influencing the look of ready-to-wear, but it also is attracting a new

generation of customers. A host of young designers have been handed the creative reins at established fashion houses.

London seems to be ground-zero for this mood swing. Many of the young designers bringing hope to old fashion houses are British. The city has been recognized once again for its ability to inspire with its raw creativity. New style magazines such as *Wallpaper* and *Frank*, which were born in London, have sent a positive jolt through the industry.

"In this country, I think we feel we've come out of the recession. It started three seasons ago and it has reached a peak now. There's enormous optimism on the fashion front," said Anna Harvey, deputy editor of *British Vogue*. "London's in a very good mood at the moment."

Most telling is that many industry insiders have lost their chronic malaise. Parties are filled with more energy and positive vibes. "At social events, people are having a good time, dressing up. I remember the same scenarios two years ago where people were in corners being consciously noncommittal," Quick said. "Now they're louder and prouder."

And happier.

ROBIN GIVHAN writes about fashion for *The Washington Post*.

Getting the Right Beat: The Behind-the-Runway Music Masters

By Rebecca Voight

PARIS — Runway music is a savvy mix of old and new but never quite what you heard on the radio, thanks to fashion's sound wizards — whether it is Catherine Deneuve, to the tune of Erik Satie, explaining her craft to Martin Margiela, or whether it is a mix of the greatest hits from the group Stereolab for Marc Jacobs's modernism at Louis Vuitton.

"If someone tells me they liked the music but not the clothes, I'm not happy. I've done a better job when they didn't like either," said Frederic Sanchez of *Le Son de la Mode*, the Paris sound illustrator that produces the music for shows in Paris, Milan and New York.

Sanchez and his partner, Frederic Bladou, limit themselves to a maximum of eight shows in each city. Their shows this season in Milan included Jil Sander,

Gucci, Prada, Missoni and Narciso Rodriguez. This week in Paris, they'll be at Marc Jacobs at Louis Vuitton, Martin Margiela, Martine Sitbon and Jean Colonna, and later this month in New York at Calvin Klein, Jacobs, Michael Kors and Anna Sui.

Bladou and Sanchez stuff their suitcases with 500 CDs for Milan and New York, because they don't work anything out more than a week in advance. The instantaneous quality is one of the benefits of the new sampling machines that have made adding and subtracting sound bits at the last minute not much of a problem.

Le Son de la Mode never reuses a track in the same season. Current favorites are Yo-Ya Ma's "Six Suites for Unaccompanied Cello," a soon-to-be-released album by Mark Hollis, "Onko" by Mika Vainio, and the debut album from Tortoise, a group from Chicago.

Sanchez credits Miuccia Prada for breaking the strong beat on most runway

ways when she used a cello piece for last July's menswear show that was so subdued the audience could hear all the backstage noise.

While some like Marc Jacobs start off the research for the music with a stack of CDs, other designers may not have a specific track in mind, but nonetheless a very precise idea of the kind of music they want. As in everything connected to fashion, trends do play a part. "The only problem recently," says Sanchez, "is that everyone has wanted difficult, interesting music and that can be boring."

"I'm not a composer; I'm a distorter," said Michel Gaubert, who does the music for Chanel and Jeremy Scott as well as shows in Italy. "Nothing you hear is in its original form," he added.

He often works with DJ Dimitri from Paris, part of a new generation of synthetic musicians, including Air and Daft Punk. "Sexy Boy," the single from Air's just-released debut album "Moon Safari," was already a runway hit be-

fore it made it to the record shelves. Air's mix of spacey, easy listening with nods to Serge Gainsbourg, Enzo Morricone, Bowie, the Beatles and Kraftwerk couldn't be more fashionable. Their revamped 1970s past-future sounds echo current young fashion.

Designers often use show music to let the audience know where they're headed. For his more classic show in London this season, Alexander McQueen toned down the sounds. "It was '2001' meets Diana Ross," says his music man, John Gosling, of the choice.

Gosling mixed the menacing hints from the space thriller's soundtrack by the Polish composer Krzysztof Penderecki with Motown stuff and a few obscure McQueen favorites like "Night in Egypt" by the Jones Girls. "We were trying for a less driving beat, not so much of a club thing, more spacey," says Gosling.

Although show music can frequently sound like one uncut piece, there can be

as many as 30 or 40 musical fragments mixed in. Jeremy Healy, responsible for the music of John Galliano's shows for his own house and for Christian Dior, works with the sound technician Paul Morris who uses the Pro-tools editing system for the rapid changes in music Healy and Galliano favor.

For a Galliano opus no sound is ever left on its own. There are always at least two pieces of music at the same time. At Dior's haute couture show in January, Healy found common ground in classic tango music and hip hop, complementing the mixed-up dimension in the clothes.

Before a Galliano show, Morris can work up to 10 days in the studio to perfect dozens of combinations before the final edit is made. "We do what John does but in reverse," he says. "He begins by searching through history to source ideas for his clothes, then we use what he's done to find the sound."

For the designer Ann Demmeleester, "the music begins with

what I'm listening to as I work on the collection." Demmeleester, a music fanatic and one of the few who does a big show without the services of a musical director, or DJ, to research the soundtrack, adds, "After I've made my choice, I go to somebody who sticks it together."

Her "holy" theme last season featured Patti Smith's track "Hole," encircled with music from another one of her favorites, Tom Verlaine. Demmeleester credits music as a prime source for her creative energy. "Hearing certain things, I can feel beauty, and it inspires me to try to do something as good in my own work," she says.

Techno, which has had major play on runway soundtracks recently, leaves her cold: "There's no life in that. I'm interested in human emotion. I need a voice telling me something."

REBECCA VOIGHT is a freelance journalist based in Paris.

British Designers Profit by Showcasing in Chain Stores

By Roger Tredre

LONDON — Does a fashion designer lose credibility when he sells a jacket for £100 in a chain store?

It is a risk that the British designers Owen Gaster, Hussein Chalayan, Clements Ribeiro and an increasing number of their colleagues are happy to take. Watered-down versions of Gaster's razor-sharp jackets went on sale last week in 10 stores owned by BHs, one of Britain's biggest retailers with a turnover last year of £805 million (\$1.3 billion).

"It's great to have some representation for new design names in the high street," said Gaster, whose show in a mocked-up fairground was one of the must-see runways at last month's London Fashion Week.

Working with chain stores has become a uniquely British solution to a uniquely British problem. In marked contrast to the designer industry in much of the rest of Europe, Britain's leading manufacturers and financial institutions

have shown a marked reluctance to put their resources behind designers.

But major stores have seen the light, designers say. Retailers are lining up to sign on designers, with a series of lucrative deals, usually calculated on royalty payments. The link-ups often include direct sponsorship of runway shows.

No designer is considered off-limits. Hussein Chalayan, one of the more creative of the new generation of designers, has designed a capsule collection for TS Design, Top Shop's own label. The stores are renowned for what the British call "cheap and cheerful" fashion. It is as if Rei Kawakubo started working for the Paris discount chain Tati. (Azzedine Alaïa did as much in 1990, but only for a bit of fun.)

Clements Ribeiro is in the fourth season of a link-up with Dorothy Perkins, which, like Top Shop, is part of the giant Arcadia retail group. "We use the same themes as for our own collections, but customize them in a different way," said Suzanne Clements.

The links between chains and designers were strengthened last year with

the appointment of two of the most powerful executives in retailing to head the British Fashion Council, which organizes London Fashion Week.

The new chairman of the British Fashion Council is John Hoerner, chairman of Arcadia. With sales of £1.3 billion and 2,000 stores, Arcadia is second only to Marks & Spencer in the British clothing retailing industry. The deputy chairman (and Hoerner's likely successor) is Brian Godbold, design director of Marks & Spencer.

MARKS & Spencer was the first retailer to recognize the importance of working with designers. Betty Jackson and Paul Smith were consultants in the 80s. A host of British designers has passed through the doors of the nation's most respected retailer, some working on one-off projects, others establishing long-term consultancies.

Sales of Ghost-designed dresses bearing the St. Michael label, which are now adding up to several millions of garments, convinced even the more

skeptical Marks & Spencer executives that designer input could have a dramatic impact.

Marks & Spencer sponsored runway shows for Julian Macdonald and Matthew Williamson at this season's London Fashion Week, and is providing financial support for several off-runway new designers.

Brian Godbold is delighted with his latest coup — a consultancy deal with Macdonald, the Welsh knitwear designer also championed by Karl Lagerfeld.

Godbold claimed that Britain's young designers have become professional. "They are much better at understanding and segmenting the market. For M&S, Julian wants to make clothes that his mother and sister can wear."

A more recent addition to the designer-chain rollcall of names is the department store group Debenhams, which has 88 stores. Five British runway designers, including Jasper Conran, Pearce Fliona, Maria Grachvogel and Ben de Lisi, are signed up to produce capsule collections exclusively for the group, which has a turnover of £1 billion. "It's

the way forward for designers in the U.K.," said Grachvogel. "I can't afford to produce a diffusion line, so Debenhams is effectively doing it for me."

The designers work closely with buying teams and say they enjoy the experience. Grachvogel points out that the work also enables her to reach a wider and younger market — customers who might one day buy her signature line.

Brian Godbold believes that designers' links with the big stores are affecting their signature collections for the better. "It's made them re-evaluate new designs."

Other designers may shudder at their British colleagues' links with the chain stores. But at a time when independent designer fashion retailers are on the decline across Europe and chain stores are getting bigger, perhaps British designers may find themselves setting another trend.

ROGER TREDRE is features writer for *The Observer*.

Will Cheap Chic Win Over Stylish French? Swedish Outlet Chain Gambles It Can Change Consumer Tastes

By Joseph Fitchett

PARIS — "Paris, here we are!" gushed gigantic billboards for the Swedish cut-price clothing firm, H&M, brought its wear for the first time to a global fashion capital.

It was love, at least at first sight. When H&M inaugurated its flagship store last month, shoppers mobbed it until the Paris police deployed crowd-control barriers. Even now, customers line up on the sidewalk every morning waiting to get into the store.

What is driving this manic push to buy? Mostly cheap chic. Sunglasses at 60 francs (\$10) a pair that look as stylish as 1,200-franc models from Emmanuel Khan or Giorgio Armani, a woman's blazer for 250 francs, a pair of pants for 120 francs.

The H&M look, simple and functional, in a way amounts to a fashion statement in favor of informality and a solvent bank account.

To characterize this Swedish style, French copywriters will probably settle for the word "sympa," meaning casual, even trendy, and physically and socially comfortable. Emerging from the store with bulging shopping bags, Evelyne De Rocha, 42, rated H&M "a store for the society we live in. It's got clothes for everyone, clothes you can wear — and cheap."

It is an elusive formula, nowhere more so than in Paris. French consumers, especially fashion-conscious women, still prize richly made garments or rich-looking copies. Long gone are the fairy-tale modists who could imitate any model. High-price shops

have five big stores in Paris, and another emporium in Lille in northern France. Already, H&M has changed almost beyond recognition since it became an international outlet chain. Like Gap, H&M was born as the flower-powered 1960s' generation began to want clothing for young adults. In Sweden, Hennes, meaning "for her," merged with a guns and hunting specialist, Mauritz Widforss. The sportswear helped point the way for the new company as it expanded on the original idea of Hennes' founder, Erling Persson, who returned from a trip to the United States convinced that the time was ripe for cheaper clothing — "for her."

TODAY H&M has more than 500 outlets in a dozen European countries and seems to be taking off. In 1997, the chain's pretax profits rose 32 percent on a turnover of 16 billion francs. 80 percent of it outside Sweden. That volume leaves H&M only half the size of its most direct competitor, Britain's C&A, but it believes it can eventually outstrip all its rivals.

As the firm's French communications director, Odilia Grepin, explained in an interview, "Each of them may be particularly strong in a particular way — C&A for price, Mango for juvenile styles, Zara for trendy items — but none of them can match H&M for our package of price, fashion and full range from basics to fancy underwear."

"At H&M they don't copy, they imitate — and they make no secret of it," the magazine said.

Now the only question is whether H&M can make a profit out of this cheaper chic in Paris.

JOSEPH FITCHETT is on the staff of the International Herald Tribune. He was assisted in the reporting for this article by Delphine Matthieu.

From Owen Gaster's winter show.

Photo: Christopher Stott/Associated Press

Photo: Christopher Stott/Associated Press

WORLD ROUNDUP

EU Warns French

SOCCER Karel van Miert, the European competition commissioner, said Thursday that World Cup organizers had not yet made a satisfactory offer to distribute more tickets outside France.

Van Miert said the organizers had offered to give only 50,000 of 160,000 remaining tickets to national federations. He said the Commission was asking for all 160,000 to be made available to fans outside France. (Reuters)

Fog Halts Races

SKIING Fog forced the cancellation Thursday of the last men's and women's World Cup downhill of the season in Crans Montana, Switzerland. An attempt will be made to run both races Friday before the scheduled super-Gs. (AP)

Rain Stops Riders

CYCLING A group of 129 riders was disqualified from the Tirreno-Adriatico race Thursday after staging a protest by riding slowly in the rainy second stage to Baia Domizia, Italy, and finishing outside the time limit.

With 50 kilometers left there was a mass collision on the slippery roads and a group of about 35 escaped. Some of the fallen asked organizers to hold up the leaders. Officials refused, and the pack protested by riding slowly, finishing more than 27 minutes behind Erik Zabel, the stage winner. Assuming officials do not back down, only 51 riders will start the third stage Friday.

■ Franck Vandenbroucke, a rider with the Mapei team, broke clear on the last climb to win the fifth stage of the Paris-Nice by 22 seconds and tighten his grip on the overall lead. The stage, to Col de la Republique, was shortened to 113 kilometers because of snow. (AP)

England Fights Back

CRICKET England recovered from a disastrous start Thursday to reach 149 runs for five wickets at tea on the opening day of the fifth test in Barbados. England had been 55 for four at lunch. (Reuters)

New Contract for Dungy

FOOTBALL Tony Dungy, who coached the Tampa Bay Buccaneers to their first playoff berth in 15 years, was rewarded Wednesday with a five-year contract extension worth \$6.5 million. Dungy had four years left on his original six-year contract. (AP)

Hooligans Pass Buck

SOCCER The Ultras Sur, a gang of Real Madrid supporters, has tried to put the blame for the arrest of more than 150 fans in Germany last week on the club security chief, Angelus Gonzalez Coronado.

The fans were arrested before the Champions' League match between Real Madrid and Bayer Leverkusen last Wednesday.

In a statement Wednesday, the Ultras said Gonzalez had outwarned them that it was illegal to shout right-wing slogans and wear Nazi paraphernalia in Germany.

The Ultras said Gonzalez had been in the stadium when they were making Nazi salutes and waving Nazi symbols and said nothing. The club did not comment. (Reuters)



Torrage Braggs of Xavier, left, fighting for the ball with Thalo Green of Washington on Thursday.

GW's Koul Shrugs Off the Statistics

By Laura Gardner
Washington Post Service

WASHINGTON — Alexander Koul has started 122 consecutive games with the George Washington men's basketball team, but as the NCAA tournament — and GW's first-round game with Oklahoma State on Friday — approaches, each game he plays could be his last as a college athlete.

The native of Belarus, who stands 7-foot-1 (2.16 meters) and weighs 285 pounds (129 kilograms), is an enigma on the court. After a standout sophomore season, in which observers uttered the words "NBA lottery pick," Koul's scoring and rebounding averages have fallen in each of the past two seasons. He is capable of dominating a game or disappearing from it. A flexible and coordinated athlete, he can showcase a range of offensive moves. But there are games when he can't get the ball in the basket, gets boxed out or has his shots repeatedly blocked by shorter players.

Koul, however, is practical about his future.

"If I'm not going to be drafted, I'll have to think about where I'm headed," he said. "Two years ago, I used to think it would be nice. Now it doesn't matter to me how high I'd be drafted, rather the type of team I'm going to get, the environment, the coaches. I don't want to go to a team with a negative atmosphere, but somewhere I can grow basketball-wise. Wherever there's a good opportunity, I'll go there."

While many NBA scouts and personnel people agree that Koul's game has plateaued, most concur that he will get the chance to play in the NBA.

"I would have expected more progress" from his sophomore season, said John Nash, the New Jersey Nets General Manager. But "he's still 7-1. He's physically imposing. I think he'll be a first-round pick."

That's still pretty heady stuff for someone who, until he was 13 years old, had never played sports.

"I had no idea about the NBA," Koul said. "I couldn't tell which is basketball, which is volleyball."

One NBA scout likened Koul to Miami Heat center Alonzo Mourning, who played collegiately at Georgetown.

Mourning "outgrew the college game," the scout said. Koul, he said, might end up being more comfortable in the NBA game, "where he can use his size and strength, than in the college game, and may wind up being more productive."

As hard or as easy as Koul may find the pro game, it will be nothing compared with the road he already has traveled in his 22 years.

His mother died when he was 13, shortly before he moved from the tiny town of Borovka to attend one of the Soviet sports academies in the city of Vitebsk.

"I was totally on my own," he said, "though there were other kids my age. My dad wasn't happy. He said, 'Why do you have to do this? You can survive without it. We'll be O.K.' For some strange reason I said no, I didn't know about my future, opportunities, but said, 'I'd like to try it.'

By the time he was 15, he was completely independent. Koul recalled a time he went home to seek his father's counsel on a matter: "He said, 'Well, I can't give you advice, because you know the world better than I do. Whatever you do will be right.'

Koul's father is an electrician, who earns the equivalent of \$30 per month. Ivan Koul has never left Belarus. But when Alexander Koul decided to come to the United States, his father was encouraging. "He said, 'It's up to you. I'll always be supportive,'" Koul recalled.

So, Koul, who had visited GW on a tour with the Belarusian national team, came to play for the Colonials.

Mike Jarvis, the GW coach, said he knew Koul would be "a player who is willing to deal with all the criticism he's going to get, a player with a big heart

and a good attitude."

There has been criticism. From his sophomore season, when Koul averaged 14.9 points and 7.8 rebounds, shot 64 percent from the field and 66 percent from the foul line, and was named second-team all-Atlantic 10 Conference, his numbers have dropped.

During his junior year, Koul averaged 14.5 points and 7.8 rebounds, shot 60 percent and hit 62 percent of his free throws. He was named third-team all-Atlantic 10. This season, he is scoring 12.3 points a game, grabbing 6.8 rebounds, shooting 57 percent from the field and 56 percent from the line. He was named to the conference's all-academic team.

"Statistics don't show you he's normally double- and triple-teamed," Jarvis said. "He's fouled an inordinate amount of times."

"I feel like I improved, definitely physically, athletically," Koul said. His mental control is remarkable; he rarely loses his composure on the court. Koul attributes that, in part, to his training in the martial arts.

Koul has gained other things from his four years at George Washington, including a bachelor's degree in exercise and sport science. He is working toward a graduate business degree in project management. "I wanted a backup plan in case something doesn't go well with my basketball," Koul said.

No one, however, is writing off Koul's basketball future just yet. He looks forward to bringing his father and younger brother, Dmmit, over for the NBA draft in June. He says he thinks he knows what it will take to succeed at the next level.

"If I work on my basic skills, I'll improve my one-on-one game in the post," he said. "If I improve my mid-range shot and my foul shot, it will improve my overall game greatly. There will be a time in my career where I can hit a three-pointer," and here he grins, "but not yet."

**Tar Heels Sink Navy
In an NCAA Opener**

The Associated Press

HARTFORD, Connecticut — Antawn Jamison had 17 points and 14 rebounds to lead North Carolina to an 88-52 victory over Navy on Thursday in the opening round of the East Regional.

North Carolina Tar Heels (31-3), seeded No. 1, dominated the 16th-seeded Midshipmen (19-11) in every area of the game, holding them to 27 percent shooting from the field and out-rebounding them, 57-33.

The Tar Heels led, 38-28, after a sloppy first half in which they committed 12 turnovers. In the second half as North Carolina took care of the ball and scored on almost every possession in a 19-2 run that opened a 70-43 lead with 5:53 to play.

Shammond Williams added 15 points

for the Tar Heels. Hassan Booker led Navy with 10 points.

West Virginia, 82, Temple, 52 In Boise, Idaho, West Virginia, seeded No. 10 in the West, routed Temple, seeded No. 7, 82-52.

The Mountaineers entered the tournament on a three-game losing streak, but their all-senior starting lineup patiently pulled apart the Owls' mismatch zone defense.

Washington, 68; Xavier, 65 In Washington, Deon Luton's 17-foot jumper from the left wing with 11.2 seconds to play gave 11th-seeded Washington a 69-68 victory over sixth-seeded Xavier. Washington overcame 26 turnovers and 10-for-21 free-throw shooting to win its first NCAA game since 1984 when Dele Schrempp led a victory over Duke.

Shammond Williams added 15 points

**Fast-Breaking Change
For College Basketball**

By Ken Denlinger
Washington Post Service

WASHINGTON — Look up during a college basketball game these days, and you see more long shots being taken. Look down and you see guard-oriented Arizona with an excellent chance to repeat as the NCAA champion, and 5-foot, 4-inch (1.6-meter) Shawnta Rogers of George Washington dominating games.

Look at Princeton, and you see pass-and-pick precision that celebrates teamwork. What you can't do is look too long at one spot, or the game will pass you by.

College basketball, whose marquee event — the National Collegiate Athletic Association tournament — tipped off Thursday night, has a significantly different look than it did even five seasons ago.

"Feed the post" is a phrase that went out of fashion even before the hemline on uniform trunks dropped to the knees. For the most part now, the college game is played from the outside.

"Where are the centers?" said a well-known scout for the National Basketball Association, Marty Blake. "There are none."

There is, however, much more parity. "Everybody talks about Duke, North Carolina, Arizona and Kansas being so much better than everyone else," Blake said. "Tell you what, I'll bet two of them don't make the Final Four."

The NBA has had an enormous impact. Players are leaving school earlier and earlier for the big league — some before setting foot on a college campus — and scholarship reductions are among the reasons why Iona, Northern Arizona, Texas Christian, Illinois-Chicago and other relatively unknown programs have cracked the NCAA show this year.

"Kids at those schools stay four years," said Jim Boeheim, the Syracuse coach. "We only beat UNC-Asheville by two early in the season. They had four seniors starting. We had three sophomores and a freshman."

The three-point line also has had a major impact. It gives Princeton and other schools with less-talented players a critical starting point on offense, because 33 percent accuracy from beyond the arc produces as many points as 50 percent accuracy inside it.

"The three-point shot also gives kids a chance who otherwise might not get to play," said a Michigan assistant coach, Brian Dutcher. "If you've got a specialty, you can play. It's like the designated hitter in baseball."

Players love the chance to move directly from high school to a starring role in college, and more and more are making the sort of instant transition that not so long ago seemed nearly impossible.

A good example is Connecticut's freshman point guard, Khalid El-Amin, a chunky, 5-foot-10 native of Minnesota. El-Amin points to where teammates ought to be going on the court with one hand while bouncing the ball almost shoulder high with the other. If he misses several long shots in a row, well, the percentages are that much greater that the next one will drop through.

"I'm a leader," he said. "I was meant to be a leader."

The options are uniquely gifted player has now, leaving college after a year or so for the NBA or jumping to the pros

directly from high school, clearly affect how the college game is played.

"Now the coaches become the main attraction, because the key players aren't around long enough to really develop the following," said Dick Schultz, executive director of the U.S. Olympic Committee and a former NCAA official. "College games are drawing well. Television ratings are down, but it's hard to say if that's the case because all the stars are leaving or if it's because of the oversaturation of the game on television."

Basketball at the college level still beats the NBA in several ways: the variety of styles, a more intimate connection between fans and their teams. However, the direction the college game has taken disturbs many who helped build it.

"The skill level and athleticism are incredible," said Dave Gavitt, who led Providence to the Final Four in 1973 and was the guiding force behind the formation of the Big East Conference 19 years ago. "But two things haven't improved: spot shooting and passing."

To some observers, perhaps the most disturbing change is this: In a game whose root structure is American, the most fundamentally sound players on many teams are foreign-born. A lack of discipline among young U.S. players with talent is one of the major reasons.

Dutcher, the Michigan assistant, is one who sees the problems firsthand. "The caliber of play is way down," he said. "You don't see as much half-court play, because you don't have time to teach it. By the time you teach a kid, he's making a million bucks somewhere else. So a lot of coaches just let 'em play."

Len Elmore, a TV analyst and NBA veteran who, as a traditional back-to-the-basket center, knew his skills as a rebounder and passer were as important as his scoring ability, said there has been an enormous change in how that position is played.

"It began with Magic Johnson," he said. "This 6-9 guy who had such ability that he could do so many different things, including handle the post. Now 6-9, 6-10 players all think they're perimeter shooters. No one has really picked up the trade of being a big man."

"Another problem is we reward that type of play, instead of the dirty work down low. Everybody wants to take the jumper and fall back. They're afraid of contact. They don't develop the skills to set a pick-and-roll, can't execute a give-and-go or make a defense commit and then open the man."

Elmore smiled and said: "I'm trying to think whether I'd have been a star today or not."

■ **Knight Pays Up to Avoid Ban**

Bob Knight paid a \$10,000 fine himself rather than give up his seat on the Indiana bench for the start of the NCAA tournament, The Associated Press reported from Washington.

Faced with a fine or a one-game suspension for haranguing a referee during an Indiana-Illinois game last month, the Hoosier coach chose to pay the Big Ten conference out of his own pocket to avoid missing the tournament opener Thursday against Oklahoma.

It was the third time in Knight's 27-year career as head basketball coach at Indiana that he has drawn a fine of at least \$10,000 for unsportsmanlike conduct.

Lakers Sting Knicks to Avoid Sweep



New York's John Starks being guarded by the Hornets' Vlade Divac.

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SPORTS

Barcelona Wins Super Cup Title

Reuters

DORTMUND — Louis van Gaal has claimed his first title as Barcelona coach by triumphing over Borussia Dortmund in the European Super Cup, but it did not pretend afterward that it was a prestigious victory.

In theory, the Super Cup should be the icing on the cake of European soccer, putting last season's European

EUROPEAN SOCCER

Cup winners against the holders of the Cup Winners' Cup.

But Dortmund's Italian coach, Nevio Scala, while praising Barcelona as Europe's best team, made clear the importance of the Super Cup in his eyes — lower on the priority list than a Bundesliga match with a Bundesliga match with a European Cup quarter-final against Bayern Munich.

Wednesday's 1-1 draw in the second leg gave Barcelona a 3-1 aggregate victory.

"A title is a title," said Van Gaal, the former Ajax coach who took over at Barcelona last summer.

Scala, for his part, could take comfort from the fact that a largely second-choice Dortmund team had held its own with one of the biggest names in world soccer.

"If you play against a team like that, you have to play 100 percent or you lose," the Italian coach said.

Dortmund supporters made their views clear. Only 32,500 turned up at the Westfalen Stadium — a venue often packed to its 53,000 ca-

pacity by fans for even the most mundane of German first division matches.

Those who did attend spent much of their time shouting derisory chants like "We've paid to get in here — nobody knows why."

The match was effectively over in the eighth minute when Brazilian midfielder Giovanni scored a fine individual goal. His strike gave Barcelona a 3-0 aggregate lead and meant Dortmund would have to score four without reply to win the trophy.

That was never a realistic prospect as Scala had fielded a team which took more account of the home club's next two games than it did of the Barcelona encounter.

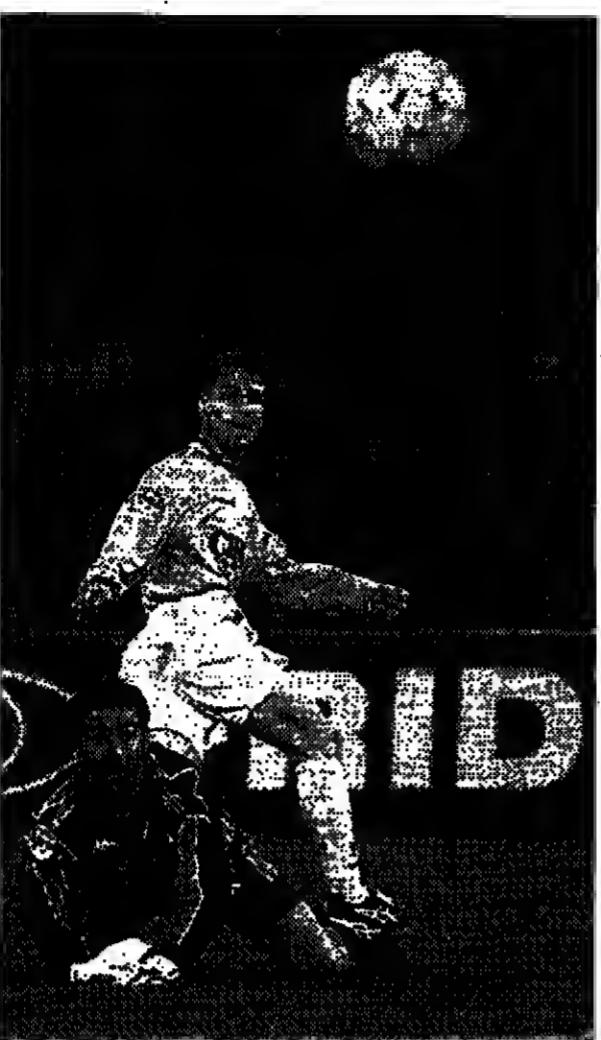
Players such as Heiko Herrlich who were nursing injuries were rested to ensure they were fit for Saturday's league match with Bielefeld — a game Dortmund must win to avoid being sucked toward the bottom of the Bundesliga.

Others, like Julio Cesar, were not selected because a yellow card would have meant suspension for next week's European Cup quarter-final second leg against Bayern Munich.

Even so, Dortmund came back after the break. A Joerg Heimrich goal, in the 64th minute was their reward.

ENGLAND Arsenal won 1-0 at Wimbledon on Wednesday to gain two more points on Manchester United, the Premier League leader.

United, which has stuttered in the league recently, drew 1-1 against West Ham. Arsenal is nine points behind United,



Massimo Sestini/The Associated Press

Pavel Nedved scored twice in three minutes as Lazio held Juventus to a 2-2 draw in Rome Wednesday to win their Italian Cup semifinal 3-2 on aggregate.

but has played three games fewer. The two teams meet in Manchester on Saturday.

United appeared jaded but was saved by a series of misses by West Ham players and a smart goal in the 65th minute by Paul Scholes, the Arsenal manager.

"Yes, we can win the title," Wenger added.

Chelsea trounced bottom-placed Crystal Palace, 6-2, to rise to fourth.

"I told you last week that the race was not over when the bookmakers stopped betting. Surprise, surprise, they have started taking money again," said Arsene Wenger, the Arsenal manager.

"Yes, we can win the title," Wenger added.

Chelsea trounced bottom-placed Crystal Palace, 6-2, to rise to fourth.

Rose Gives Young Reds a Pep Talk

The Associated Press

SARASOTA, Florida — Pete Rose, banished from baseball for nearly nine years, gave an unscheduled talk to nearly 100 Cincinnati Reds farmhands that might lead to a fine for the Reds.

"I'm not here to cause any trouble," Rose said Wednesday after receiving a loud ovation from the players, including his son, Pete Rose Jr., and Craig Griffey, the son of former teammate Ken Griffey. "I want to help save baseball in Cincinnati."

It was not clear if a Reds employee asked Rose to give the talk. A Reds official, who did not want to be identified, said he was certain the nearly hour-long talk was not cleared in advance. Rose received permission from the team to watch his son work out. Rose is welcome at ballpark, but only in areas where fans are allowed.

Pete Rose was in clear violation of the agreement," said Rich Levin, the spokesman for acting commissioner Bud Selig. "We are waiting for a com-

plete written report from the Reds."

Rose, a 17-time All-Star, gave the lifetime ban on Aug. 23, 1989 following baseball's investigation of his gambling.

Baseball's career hits leader talked mostly about hitting, but also related stories about the Reds' powerhouse teams of the 1970s.

Rose said it was the first time he had stood before a professional team since he resigned as the Reds manager in 1989.

Shortly before he wrapped up his talk, Rose offered this advice: "Pay your taxes, by the way, and don't bet on Monday Night Football," either.

• Mo Vaughn, the Boston Red Sox slugger, refused the club's request that he undergo an alcohol evaluation and accused the team of using his arrest on drunken driving charges as an excuse not to sign him.

The first baseman, acquitted last week in Massachusetts, said the team told him it would not resume negotiations on a long-term deal until it was certain

Vaughn does not have a drinking problem. He said the request was the first volley of an effort to blame him if he leaves via trade or free agency.

"Watch out for the smear campaign. It's coming soon to a theater near you. And it will be a double feature, gentlemen," he said. "Next I'll be doing drugs. Then I'll be selling drugs. They're going to paint a whole pattern of negativity. That's typical of the way things go around here."

• Cleveland traded Ben McDonald, an injured right-handed pitcher, back to Milwaukee Brewers for left-handed prospect Mark Watson.

McDonald, acquired in the Marquis Grissom trade on Dec. 8, had season-ending surgery on his damaged right rotator cuff on Feb. 25.

"I don't think either team was aware of the severity of Ben's injury at the time of the trade in December," said John Hart, the Indians general manager. "The Brewers have compensated us fairly for the loss of Ben's services in 1998."

Forsberg Leads Avalanche Over Blues

The Associated Press

Peter Forsberg dominated Colorado's game against St. Louis as few players in the world can.

He had three assists, killed penalties and generally toyed with the Blues in a 3-2 victory Wednesday night. His performance overshadowed the work of Patrick Roy, who stopped 21 and became the active goalkeeper with the most NHL victories.

"He was the best player on the ice by far," said Marc Crawford, the Avalanche coach. "He got three assists, drew people to him and opened up a lot of ice."

Forsberg was a key element in all seven of St. Louis' failed power plays.

"Peter put on a show," said Joel Quenneville, the St. Louis coach. "He is fun to watch. Unfortunately, we had to watch."

They also watched Valery Kamenky score twice as the Avalanche, which had lost three straight at home, took a 3-0 lead and held on to snap St. Louis' six-game winning streak.

Roy got his 37th career win, breaking a tie with St. Louis' Grant Fuhr, who is hurt. Roy stands fifth overall.

Penguins 4, Flames 3 Jarmir Jagr scored his 30th goal and set up Su Barresi's 27th at Pittsburgh. Jagr had

NHL ROUNDUP

three points, giving him three goals and six assists in the last three games.

Maple Leafs 3, Ducks 1 Mats Sundin and Derek King scored 1:21 apart early in the second period as Toronto sent Anaheim to its sixth straight defeat.

Senators 5, Panthers 2 Alexei Yashin scored two power-play goals and as-

sisted on another for Ottawa against Florida, which is winless in 14 straight games on the road.

Rangers 5, Sharks 3 New York got three power-play goals, two within 27 seconds in the second period.

With the Rangers on a 5-on-3 advantage, Wayne Gretzky beat goalie Kelly Hrudey with a slap shot. The Rangers then converted the 5-on-4 edge when Adam Graves beat Hrudey with another slap shot.

• Oilers 2, Lightning 0 Curtis Joseph stopped 20 shots for his 16th career shutout as Edmonton won for the second time in three tries during a seven-game road trip.

Canucks 2, Canadiens 2 Scott Thornton scored with 7:01 remaining in regulation. Thornton also had an assist as host Montreal came back after trailing by 2-0.

SCOREBOARD

BASKETBALL

NBA STANDINGS

EASTERN CONFERENCE

ATLANTIC DIVISION

CENTRAL DIVISION

MIDWEST CONFERENCE

WESTERN CONFERENCE

Wesleyan 17 10 25 16-64
Princeton 22 12 22 22-64
W. Va. Wesley 12-5 2-24 25-51-21
16; Bates 11-5 2-24 21-51-24
Babson 10-5 2-24 21-51-24

Philippines 57 10 14 22-51-22

Washington 22 12 22 22-51-22

Princeton 22 12 22 22-51-22

Yale 22 12 22 22-51-22

Harvard 22 12 22 22-51-22

Yale 22 12 22 22-51-

